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INTERNATIONAL CONCILIATION

111

- I. TREATY OF PEACE BETWEEN THE UNITED STATES AND GERMANY
II. TREATY OF PEACE BETWEEN THE UNITED STATES AND AUSTRIA
III. TREATY OF PEACE BETWEEN THE UNITED STATES AND HUNGARY

Nos. 170-181

1922

JANUARY, 1922

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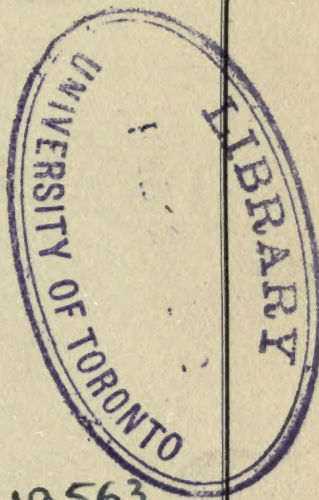
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AMERICAN ASSOCIATION FOR INTERNATIONAL CONCILIATION
EDITORIAL OFFICE: 407 WEST 117TH STREET, NEW YORK CITY
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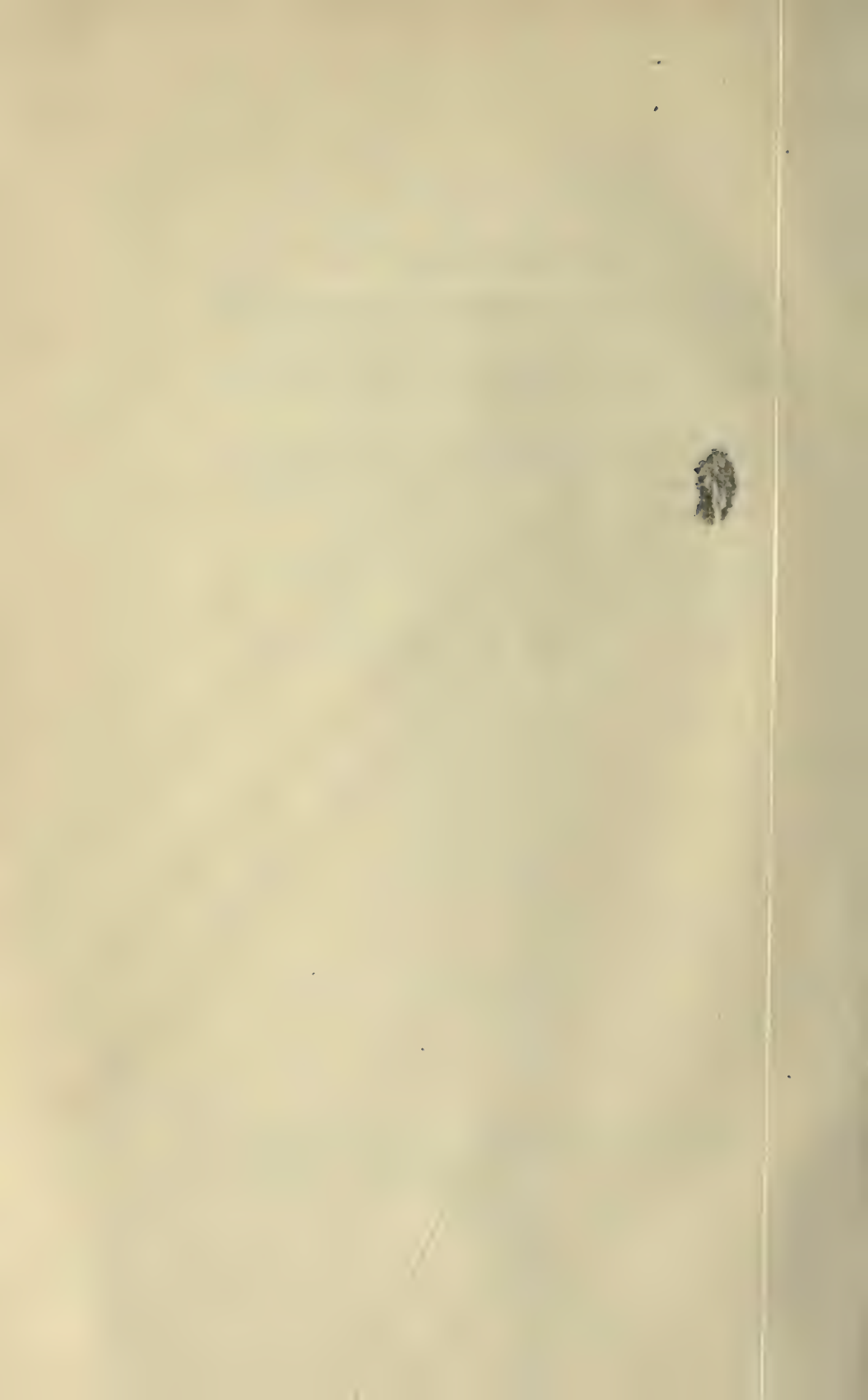
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I

TREATY OF PEACE WITH GERMANY

A TREATY BETWEEN THE UNITED STATES AND GERMANY, SIGNED
ON AUGUST 25, 1921, TO RESTORE FRIENDLY RELATIONS
EXISTING BETWEEN THE TWO NATIONS PRIOR TO
THE OUTBREAK OF WAR

GERMANY AND THE UNITED STATES OF AMERICA

Considering that the United States, acting in conjunction with its co-belligerents, entered into an Armistice with Germany on November 11, 1918, in order that a Treaty of Peace might be concluded;

Considering that the Treaty of Versailles was signed on June 28, 1919, and came into force according to the terms of its Article 440, but has not been ratified by the United States;

Considering that the Congress of the United States passed a Joint Resolution, approved by the President July 2, 1921, which reads in part as follows:

"Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the state of war declared to exist between the Imperial German Government and the United States of America by the joint resolution of Congress approved April 6, 1917, is hereby declared at an end.

"Sec. 2. That in making this declaration, and as a part of it, there are expressly reserved to the United States of America and its nationals any and all rights, privileges, indemnities, reparations, or advantages, together with the right to enforce the same, to which it or they have become entitled under the terms of the armistice signed November 11, 1918, or any extensions or modifications thereof; or which were acquired

by or are in the possession of the United States of America by reason of its participation in the war or to which its nationals have thereby become rightfully entitled; or which, under the Treaty of Versailles, have been stipulated for its or their benefit; or to which it is entitled as one of the principal Allied and Associated powers; or to which it is entitled by virtue of any Act or Acts of Congress; or otherwise.

* * * * *

"Sec. 5. All property of the Imperial German Government, or its successor or successors, and of all German nationals, which was, on April 6, 1917, in or has since that date come into the possession or under control of, or has been the subject of a demand by the United States of America or of any of its officers, agents, or employees, from any source or by any agency whatsoever, and all property of the Imperial and Royal Austro-Hungarian Government, or its successor or successors, and of all Austro-Hungarian nationals which was on December 7, 1917, in or has since that date come into the possession or under control of, or has been the subject of a demand by the United States of America or any of its officers, agents, or employees, from any source or by any agency whatsoever, shall be retained by the United States of America and no disposition thereof made, except as shall have been heretofore or specifically hereafter shall be provided by law until such time as the Imperial German Government and the Imperial and Royal Austro-Hungarian Government, or their successor or successors, shall have respectively made suitable provision for the satisfaction of all claims against said Governments respectively, of all persons, where-soever domiciled, who owe permanent allegiance to the United States of America and who have suffered, through the acts of the Imperial German Government, or its agents, or the Imperial and Royal Austro-Hungarian Government, or its agents, since July 31, 1914, loss, damage, or injury to their persons or property, directly or indirectly, whether through the ownership of shares of stock in German, Austro-Hungarian,

American, or other corporations, or in consequence of hostilities or of any operations of war, or otherwise, and also shall have granted to persons owing permanent allegiance to the United States of America most-favored-nation treatment, whether the same be national or otherwise, in all matters affecting residence, business, profession, trade, navigation, commerce and industrial property rights, and until the Imperial German Government and the Imperial and Royal Austro-Hungarian Government, or their successor or successors, shall have respectively confirmed to the United States of America all fines, forfeitures, penalties, and seizures imposed or made by the United States of America during the war, whether in respect to the property of the Imperial German Government or German nationals or the Imperial and Royal Austro-Hungarian Government or Austro-Hungarian nationals, and shall have waived any and all pecuniary claims against the United States of America."

Being desirous of restoring the friendly relations existing between the two nations prior to the outbreak of war;

Have for that purpose appointed their plenipotentiaries:

The President of the German Empire, Dr. FRIEDRICH ROSEN, Minister for Foreign Affairs, and the President of the United States of America; ELLIS LORING DRESEL, Commissioner of the United States of America to Germany;

Who, having communicated their full powers, found to be in good and due form, have agreed as follows:

ARTICLE I

Germany undertakes to accord to the United States, and the United States shall have and enjoy, all the rights, privileges, indemnities, reparations or advantages specified in the aforesaid Joint Resolution of the Congress of the United States of July 2, 1921, including all the rights and advantages stipulated for the benefit of the United States in the Treaty of Versailles which the United States shall fully enjoy not-

withstanding the fact that such Treaty has not been ratified by the United States.

ARTICLE II

With a view to defining more particularly the obligations of Germany under the foregoing Article with respect to certain provisions in the Treaty of Versailles, it is understood and agreed between the High Contracting Parties:

(1) That the rights and advantages stipulated in that Treaty for the benefit of the United States, which it is intended the United States shall have and enjoy, are those defined in Section I, of Part IV, and Parts V, VI, VIII, IX, X, XI, XII, XIV, and XV.

The United States in availing itself of the rights and advantages stipulated in the provisions of that Treaty mentioned in this paragraph will do so in a manner consistent with the rights accorded to Germany under such provisions.

(2) That the United States shall not be bound by the provisions of Part I of that Treaty, nor by any provisions of that Treaty including those mentioned in paragraph (1) of this Article, which relate to the Covenant of the League of Nations, nor shall the United States be bound by any action taken by the League of Nations, or by the Council or by the Assembly thereof, unless the United States shall expressly give its assent to such action.

(3) That the United States assumes no obligations under or with respect to the provisions of Part II, Part III, Sections 2 to 8 inclusive of Part IV, and Part XIII of that Treaty.

(4) That, while the United States is privileged to participate in the Reparation Commission, according to the terms of Part VIII of that Treaty, and in any other Commission established under the Treaty or under any agreement supplemental thereto, the United States is not bound to participate in any such commission unless it shall elect to do so.

(5) That the periods of time to which reference is made in Article 440 of the Treaty of Versailles shall run, with respect

to any act or election on the part of the United States, from the date of the coming into force of the present Treaty.

ARTICLE III

The present Treaty shall be ratified in accordance with the constitutional forms of the High Contracting Parties and shall take effect immediately on the exchange of ratifications which shall take place as soon as possible at Berlin.

IN WITNESS WHEREOF, the respective plenipotentiaries have signed this Treaty and have hereunto affixed their seals.

Done in duplicate in Berlin this twenty-fifth day of August, 1921.

[SEAL.]

ROSEN.

[SEAL.]

ELLIS LORING DRESEL.

[Section 1 of Part IV, and Parts V, VI, VIII, IX, X, XI, XII, XIV, and XV of the Treaty of Versailles "under which the United States claims rights and privileges" and which are appended to Senate Document No. 70 from which the text of this Treaty has been reprinted, will be found in *International Conciliation*, No. 142.]

By a proclamation of the President signed November 14, 1921, war between the United States and Germany was declared to have terminated July 2, 1921.

II

TREATY OF PEACE WITH AUSTRIA

A TREATY BETWEEN THE UNITED STATES AND AUSTRIA, SIGNED
ON AUGUST 24, 1921, TO ESTABLISH SECURELY FRIENDLY
RELATIONS BETWEEN THE TWO NATIONS

THE UNITED STATES OF AMERICA AND AUSTRIA

Considering that the United States, acting in conjunction with its co-belligerents, entered into an Armistice with Austria-Hungary on November 3, 1918, in order that a Treaty of Peace might be concluded;

Considering that the former Austro-Hungarian Monarchy ceased to exist and was replaced in Austria by a republican Government;

Considering that the Treaty of St. Germain-en-Laye to which Austria is a party was signed on September 10, 1919, and came into force according to the terms of its Article 381, but has not been ratified by the United States;

Considering that the Congress of the United States passed a Joint Resolution approved by the President July 2, 1921, which reads in part as follows:

*"Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, * * **

"That the state of war declared to exist between the Imperial and Royal Austro-Hungarian Government and the United States of America by the joint resolution of Congress approved December 7, 1917, is hereby declared at an end.

"SEC. 4. That in making this declaration, and as a part of it, there are expressly reserved to the United States of America and its nationals any and all rights, privileges, indemnities, reparations or advantages, together with the right to enforce the same, to which it or they have become entitled under the terms of the armistice signed November 3, 1918, or any

extension or modifications thereof; or which were acquired by or are in the possession of the United States of America by reason of its participation in the war or to which its nationals have thereby become rightfully entitled; or which, under the Treaty of St. Germain-en-Laye or the Treaty of Trianon, have been stipulated for its or their benefit; or to which it is entitled as one of the principal Allied and Associated Powers; or to which it is entitled by virtue of any Act or Acts of Congress; or otherwise.

"SEC. 5. All property of the Imperial German Government, or its successor or successors, and of all German nationals which was on April 6, 1917, in or has since that date come into the possession or under control of, or has been the subject of a demand by the United States of America or of any of its officers, agents, or employees, from any source or by any agency whatsoever, and all property, of the Imperial and Royal Austro-Hungarian Government, or its successor or successors, and of all Austro-Hungarian nationals which was on December 7, 1917, in or has since that date come into the possession or under control of, or has been the subject of a demand by the United States of America or any of its officers, agents, or employees from any source or by any agency whatsoever, shall be retained by the United States of America and no disposition thereof made, except as shall have been heretofore or specifically hereafter shall be provided by law until such time as the Imperial German Government and the Imperial and Royal Austro-Hungarian Government, or their successor or successors, shall have respectively made suitable provision for the satisfaction of all claims against said Governments respectively, of all persons, wheresoever domiciled, who owe permanent allegiance to the United States of America and who have suffered, through the acts of the Imperial German Government or its agents, or the Imperial and Royal Austro-Hungarian Government or its agents since July 31, 1914, loss, damage, or injury to their persons or property, directly or indirectly, whether through the ownership of shares of stock in German, Austro-Hun-

garian, American, or other corporations, or in consequence of hostilities or of any operations of war, or otherwise and also shall have granted to persons owing permanent allegiance to the United States of America most-favored-nation treatment, whether the same be national or otherwise, in all matters affecting residence, business, profession, trade, navigation, commerce, and industrial property rights and until the Imperial German Government and the Imperial and Royal Austro-Hungarian Government or its successor or successors shall have respectively confirmed to the United States of America all fines, forfeitures, penalties, and seizures imposed or made by the United States of America during the war, whether in respect to the property of the Imperial German Government or German nationals or the Imperial and Royal Austro-Hungarian Government or Austro-Hungarian nationals, and shall have waived any and all pecuniary claims against the United States of America."

Being desirous of establishing securely friendly relations between the two nations;

Have for that purpose appointed their plenipotentiaries:

The President of the United States of America, ARTHUR HUGH FRAZIER, and the Federal President of the Republic of Austria, JOHANN SCHÖBER;

Who, having communicated their full powers, found to be in good and due form, have agreed as follows:

ARTICLE I

Austria undertakes to accord to the United States and the United States shall have and enjoy all the rights, privileges, indemnities, reparations or advantages specified in the afore-said Joint Resolution of the Congress of the United States of July 2, 1921, including all the rights and advantages stipulated for the benefit of the United States in the Treaty of St. Germain-en-Laye which the United States shall fully enjoy notwithstanding the fact that such Treaty has not been

ratified by the United States. The United States in availing itself of the rights and advantages stipulated in the provisions of that Treaty, will do so in a manner consistent with the rights accorded to Austria under such provisions.

ARTICLE II

With a view to defining more particularly the obligations of Austria under the foregoing Article with respect to certain provisions in the Treaty of St. Germain-en-Laye, it is understood and agreed between the High Contracting Parties:

(1) That the rights and advantages stipulated in that Treaty for the benefit of the United States which it is intended the United States shall have and enjoy, are those defined in Parts V, VI, VIII, IX, X, XI, XII and XIV.

(2) That the United States shall not be bound by the provisions of Part I of that Treaty nor by any provisions of that Treaty including those mentioned in paragraph (1) of this Article which relate to the Covenant of the League of Nations, nor shall the United States be bound by any action taken by the League of Nations or by the Council or by the Assembly thereof, unless the United States shall expressly give its assent to such action.

(3) That the United States assumes no obligations under or with respect to the provisions of Part II, Part III, Part IV and Part XIII of that Treaty.

(4) That, while the United States is privileged to participate in the Reparation Commission, according to the terms of Part VIII of that Treaty and in any other commission established under the Treaty or under any agreement supplemental thereto, the United States is not bound to participate in any such commission unless it shall elect to do so.

(5) That the periods of time to which reference is made in Article 381 of the Treaty of St. Germain-en-Laye shall run, with respect to any act or election on the part of the United States, from the date of the coming into force of the present Treaty.

ARTICLE III

The present Treaty shall be ratified in accordance with the constitutional forms of the High Contracting Parties and shall take effect immediately on the exchange of ratifications which shall take place as soon as possible at Vienna.

In witness whereof, the respective plenipotentiaries have signed this Treaty and have hereunto affixed their seals.

Done in duplicate in Vienna, this twenty-fourth day of August, 1921.

[SEAL]

ARTHUR HUGH FRAZIER

[SEAL]

SCHOBER

III

TREATY OF PEACE WITH HUNGARY

A TREATY BETWEEN THE UNITED STATES AND HUNGARY,
SIGNED AUGUST 29, 1921, TO ESTABLISH SECURELY FRIENDLY
RELATIONS BETWEEN THE TWO NATIONS

THE UNITED STATES OF AMERICA AND HUNGARY

Considering that the United States, acting in conjunction with its co-belligerents, entered into an Armistice with Austria-Hungary on November 3, 1918, in order that a Treaty of Peace might be concluded:

Considering that the former Austro-Hungarian Monarchy ceased to exist and was replaced in Hungary by a national Hungarian Government;

Considering that the Treaty of Trianon to which Hungary is a party was signed on June 4, 1920, and came into force according to the terms of its Article 364, but has not been ratified by the United States;

Considering that the Congress of the United States passed a Joint Resolution, approved by the President July 2, 1921, which reads in part as follows:

*"Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, * * **

"That the state of war declared to exist between the Imperial and Royal Austro-Hungarian Government and the United States of America by the joint resolution of Congress approved December 7, 1917, is hereby declared at an end.

"SEC. 4. That in making this declaration, and as a part of it, there are expressly reserved to the United States of America and its nationals any and all rights, privileges, indemnities, reparations, or advantages, together with the right to enforce the same, to which it or they have become entitled under the terms of the armistice signed November

3, 1918, or any extensions or modifications thereof; or which were acquired by or are in the possession of the United States of America by reason of its participation in the war or to which its nationals have thereby become rightfully entitled; or which, under the Treaty of Saint Germain-en-Laye or the Treaty of Trianon, have been stipulated for its or their benefit; or to which it is entitled as one of the principal Allied and Associated powers; or to which it is entitled by virtue of any Act or Acts of Congress; or otherwise.

"SEC. 5. All property of the Imperial German Government, or its successor or successors, and of all German nationals which was, on April 6, 1917, in or has since that date come into the possession or under control of, or has been the subject of a demand by the United States of America or any of its officers, agents, or employees, from any source or by any agency whatsoever, and all property of the Imperial and Royal Austro-Hungarian Government, or its successor or successors, and of all Austro-Hungarian nationals which was on December 7, 1917, in or has since that date come into the possession or under control of, or has been the subject of a demand by the United States of America or any of its officers, agents, or employees, from any source or by any agency whatsoever, shall be retained by the United States of America and no disposition thereof made, except as shall have been heretofore or specifically hereafter shall be provided by law until such time as the Imperial German Government and the Imperial and Royal Austro-Hungarian Government, or their successor or successors, shall have respectively made suitable provision for the satisfaction of all claims against said Governments respectively, of all persons, wheresoever domiciled, who owe permanent allegiance to the United States of America and who have suffered, through the acts of the Imperial German Government, or its agents, or the Imperial and Royal Austro-Hungarian Government, or its agents, since July 31, 1914, loss, damage, or injury to their persons or property, directly or indirectly, whether through the ownership of shares of stock in German, Austro-Hungarian,

American, or other corporations, or in consequence of hostilities or of any operations of war, or otherwise, and also shall have granted to persons owing permanent allegiance to the United States of America most-favored-nation treatment, whether the same be national or otherwise, in all matters affecting residence, business, profession, trade, navigation, commerce and industrial property rights, and until the Imperial German Government and the Imperial and Royal Austro-Hungarian Government, or their successor or successors, shall have respectively confirmed to the United States of America all fines, forfeitures, penalties, and seizures imposed or made by the United States of America during the war, whether in respect to the property of the Imperial German Government or German nationals or the Imperial and Royal Austro-Hungarian Government or Austro-Hungarian nationals, and shall have waived any and all pecuniary claims against the United States of America."

Being desirous of establishing securely friendly relations between the two nations;

Have for that purpose appointed their plenipotentiaries:

The President of the United States of America, U. GRANT-SMITH, Commissioner of the United States to Hungary; and Hungary, COUNT NICHOLAS BANFFY, Royal Hungarian Minister for Foreign Affairs;

Who, having communicated their full powers, found to be in good and due form, have agreed as follows:

ARTICLE I

Hungary undertakes to accord to the United States, and the United States shall have and enjoy, all the rights, privileges, indemnities, reparations or advantages specified in the aforesaid Joint Resolution of the Congress of the United States of July 2, 1921, including all the rights and advantages stipulated for the benefit of the United States in the Treaty of Trianon which the United States shall fully enjoy notwith-

standing the fact that such Treaty has not been ratified by the United States. The United States, in availing itself of the rights and advantages stipulated in the provisions of that Treaty, will do so in a manner consistent with the rights accorded to Hungary under such provisions.

ARTICLE II

With a view to defining more particularly the obligations of Hungary under the foregoing Article with respect to certain provisions in the Treaty of Trianon, it is understood and agreed between the High Contracting Parties:

(1) That the rights and advantages stipulated in that Treaty for the benefit of the United States, which it is intended the United States shall have and enjoy, are those defined in Parts V, VI, VIII, IX, X, XI, XII and XIV.

(2) That the United States shall not be bound by the provisions of Part I of that Treaty, nor by any provisions of that Treaty including those mentioned in paragraph (1) of this Article, which relate to the Covenant of the League of Nations, nor shall the United States be bound by any action taken by the League of Nations, or by the Council or by the Assembly thereof, unless the United States shall expressly give its assent to such action.

(3) That the United States assumes no obligations under or with respect to the provisions of Part II, Part III, Part IV and Part XIII of that Treaty.

(4) That, while the United States is privileged to participate in the Reparation Commission, according to the terms of Part VIII of that Treaty, and in any other commission established under the Treaty or under any agreement supplemental thereto, the United States is not bound to participate in any such commission unless it shall elect to do so.

(5) That the periods of time to which reference is made in Article 364 of the Treaty of Trianon shall run, with respect to any act or election on the part of the United States, from the date of the coming into force of the present Treaty.

ARTICLE III

The present Treaty shall be ratified in accordance with the constitutional forms of the High Contracting Parties and shall take effect immediately on the exchange of ratifications which shall take place as soon as possible at Budapest.

In witness whereof, the respective plenipotentiaries have signed this Treaty and have hereunto affixed their seals.

Done in duplicate in Budapest, this twenty-ninth day of August, 1921.

[SEAL.]

U. GRANT-SMITH,
Commissioner of the United States to Hungary.

[SEAL.]

COUNT NICHOLAS BANFFY,
Royal Hungarian Minister for Foreign Affairs.

LIST OF PUBLICATIONS

Nos. 1-157 (April, 1907, to December, 1920). Including papers by Baron d'Estournelles de Constant, George Trumbull Ladd, Elihu Root, Barrett Wendell, Charles E. Jefferson, Seth Low, John Bassett Moore, William James, Andrew Carnegie, Pope Pius X, Heinrich Lammasch, Norman Angell, Charles W. Eliot, Sir Oliver Lodge, Lord Haldane, Alfred H. Fried, James Bryce, and others; also a series of official documents dealing with the European War, the League of Nations, the Peace Conference, and with several of the political problems resulting from the War. A list of titles and authors will be sent on application.

158. The Communist Party in Russia and Its Relation to the Third International and to the Russian Soviets. Part I. January, 1921.
159. The Communist Party in Russia and Its Relation to the Third International and to the Russian Soviets. Part II. February, 1921.
160. Central European Relief, by Herbert Hoover; Relief for Europe, by Herbert Hoover; Intervention on Behalf of the Children in Countries Affected by the War, by the Swiss Delegation to the Assembly of the League of Nations; The Typhus Epidemic in Central Europe, by the Right Hon. A. J. Balfour; Report of the Special Commission on Typhus in Poland, to the Assembly of the League of Nations. March, 1921.
161. Disarmament in its Relation to the Naval Policy and the Naval Building Program of the United States, by Arthur H. Pollen. April, 1921.
162. Addresses on German Reparation by the Rt. Hon. David Lloyd George and Dr. Walter Simons, London, March 3rd and 7th, 1921. May, 1921.
163. The Fiftieth Anniversary of the French Republic. June, 1921.
164. Convention for the Control of the Trade in Arms and Ammunition, and Protocol, signed at Saint-Germain-en-Laye, September 10, 1919. July, 1921.
165. Addresses at the Fifteenth Annual Meeting of the American Society of International Law, by the Hon. Elihu Root. August, 1921.
166. Constitution of the Permanent Mandates Commission; Terms of the "C" Mandates; Franco-British Convention of December 23, 1920; Correspondence between Great Britain and the United States Respecting Economic Rights in the Mandated Territories; The San Remo Oil Agreement. September, 1921.
167. Present Problems of the Commonwealth of British Nations: Conference of Prime Ministers and Representatives of the United Kingdom, the Dominions and India, held in June, July and August. October, 1921.
168. Relations between Great Britain and Ireland: Proposals of British Government and Correspondence between Mr. Lloyd George and Mr. de Valera. November, 1921.
169. Washington Conference on the Limitation of Armaments. December, 1921.
170. Treaties of Peace between the United States on the one hand and Germany, Austria and Hungary on the other. January, 1922.

Copies of the above, so far as they can be spared, will be sent to libraries and educational institutions for permanent preservation postpaid upon receipt of a request addressed to the Secretary of the American Association for International Conciliation.

A charge of five cents will be made for copies sent to individuals. Regular subscription rate twenty-five cents for one year, or one dollar for five years.

INTERNATIONAL CONCILIATION

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PEACE THROUGH CONFERENCES

- I. TEXT OF AN ADDRESS DELIVERED BY MR. LLOYD
GEORGE AT CENTRAL HALL, WESTMINSTER,
LONDON, ON JANUARY 21, 1922
- II. TEXT OF THE RESOLUTION OF THE SUPREME
COUNCIL CALLING THE GENOA CONFERENCE



FEBRUARY, 1922

No. 171



AMERICAN ASSOCIATION FOR INTERNATIONAL CONCILIATION
EDITORIAL OFFICE: 407 WEST 117TH STREET, NEW YORK CITY
PUBLICATION OFFICE: GREENWICH, CONN.

It is the aim of the Association for International Conciliation to awaken interest and to seek cooperation in the movement to promote international good will. This movement depends for its ultimate success upon increased international understanding, appreciation, and sympathy. To this end, documents are printed and widely circulated, giving information as to the progress of the movement and as to matters connected therewith, in order that individual citizens, the newspaper press, and organizations of various kinds may have accurate information on these subjects readily available.

The Association endeavors to avoid, as far as possible, contentious questions, and in particular questions relating to the domestic policy of any given nation. Attention is to be fixed rather upon those underlying principles of international law, international conduct, and international organization, which must be agreed upon and enforced by all nations if peaceful civilization is to continue and to be advanced. A list of publications will be found on page 30.

Subscription rate: Twenty-five cents for one year, or one dollar for five years.

PEACE THROUGH CONFERENCES

I

TEXT OF AN ADDRESS DELIVERED BY MR. LLOYD
GEORGE AT CENTRAL HALL, WESTMINSTER, LONDON,
ON JANUARY 21, 1922

(Reprinted from the *New York Times*, January 22, 1922)

I congratulate the promoters of these meetings upon the finest gathering we have seen, representative of the Liberals who stood in the nation's need for national unity. A resolution has been moved and seconded of congratulation upon a task which if not altogether accomplished is well-nigh accomplished. Congratulations are given to myself and my colleagues on the result of our labors.

The first thing I have to say is that those congratulations have been directed to the wrong address. They ought to have been sent not to those who did it, but to those who talked about it and never did it when they had the chance. It is a fact that we conducted long, difficult and delicate negotiations. It is true that we carried them to a successful issue. It is true we took serious decisions and faced grave responsibilities, some of us graver responsibilities than others, and I notably refer to my Unionist colleagues. But after all, there were others who made speeches, who said how it ought to have been done and surely the whole credit belongs to them.

It is true that it could not have been done when those speeches were delivered. It is equally true it could not have been done at all in the way indicated

by those speeches, and it is still more true that it would never have been done if it had been left to the authors of those speeches. However, I am very much obliged and glad to know that there are still some people who believe that those who did the work are entitled at any rate to some share of credit. On behalf of my colleagues and myself, who were present and who sat throughout all those meetings, I thank you cordially for that resolution.

What matters, however, is that Irish liberty has been established within the empire. There are Irish Ministers in London today, Irish Ministers arriving with their democratic authority from the people of their own country who have taken their commission from lieutenants of his Majesty's Government and willingly on their appeal by way of peace.

This is the first time for over a century that you have had an Irish Government established with the wholehearted sanction of the people of Great Britain. There are difficulties before the Irish dominion will be established. There will be difficulties after it has been established, but the good sense which the Irish people demonstrated so clearly in the recent discussions will enable them to triumph over all these difficulties and to develop a prosperous and contented Ireland which will take a high rank among the free nations that constitute the British Empire, which will be a source not of weakness but of continued and increasing strength to that empire.

The thing that struck me so much when I met the leading statesmen of other lands recently in the South of France was the intense interest taken in the Irish settlement. The impression created in every country by that settlement was immense. The belief in the

enduring common sense and wisdom of the British people which had pulled them through so many difficulties that appeared at the moment to be invincible and the trust which Britain evidently still retained in the cohesive qualities of that freedom—all that has made a deep impression. It has undoubtedly enhanced the prestige of Britain throughout the world and given added value to her counsel and deprived altogether her enemies of the force of that taunt that we were always willing to give excellent advice to other lands which we were unable to follow ourselves. That has gone.

I must correct one of the statements made by my friend Mr. Shakespeare. It is by no means the work of one man. I am not saying it merely out of compliment but out of respect for the truth. Every member of that delegation worked hard and contributed materially, one with one suggestion and one with another, and all these were brought together, sifted and adapted to the situation. It could not have been done without the combined efforts of these men supported by their colleagues. I am certain my colleagues here would allow me to single out my Unionist colleagues because of the loyal and eminent part which they took.

My fairly long experience of public life teaches me that it is easier to face foes than friends. You are accustomed to hit in that direction and instinctively out it goes. But with friends you are accustomed to give the open hand and when they quarrel it goes to the heart. And I know how my Unionist colleagues must have felt having to encounter the opposition of the people they had worked and associated with in the loyalty and friendship of their life, and the nation

owes a debt of gratitude to them for that greatest courage of all, moral courage. That is all I want to say about Ireland.

There has been a good deal of talk recently about the general election. Who started it? I did not and I certainly have not made up my mind about it. It is my business not to do so until the last moment. Then all hear about it. I have nothing to add to the very admirable statement made on the subject by my friend and colleague, Mr. Chamberlain. I reinforce one observation made by him, that the exercise of this prerogative is not a very suitable subject for public discussion. The only other thing I would say is this, that suggestions, which have been unfortunately made, that a general election was an idea started by Liberal Coalitionists in order to get rid of the reform of the House of Lords has absolutely no basis in truth and is a pure invention. Liberal Coalitionists are just as much pledged as any other Liberals to the reform of the House of Lords. I was a member of a purely Liberal Administration. The head of that Administration, Mr. Asquith, pledged himself definitely in most emphatic terms, in most insistent and urgent terms, to the reform of the House of Lords and went so far as to say, I think about ten years ago, that it was a subject that brooked no delay. So as a member of a Liberal Government I am just as much pledged as the Head of the Independent Liberal Party to reform of the House of Lords and our section of the party at any rate is not in the habit of shirking difficulties.

But I will tell you one thing we gain by these reports of a general election. There have been people in life who have been fortunate enough, after being

abused a good deal, to have had premature report of their death, and they read in the papers most glowing and kindly obituary notices about themselves. That was more or less my feeling in reading the newspapers when the report came that there was going to be a general election. Before that we were an extravagant, wasteful Government, profligate, ruining business and trade, and the sooner we were got rid of the better. Then somebody said, "Do you know they are going?" They turned round and said, "How dare they?"

They said, "Have they not got another two years' agreement?"

"They are willing to surrender that. We expected a paean of joy."

"Not at all," they said. "You will kill trade."

"What, getting rid of an extravagant, wasteful Government?"

"Yes. Why, it will cost," they said, "two millions."

But what is that to the thousands of millions we have been squandering and are still squandering. Two millions spread over two years. It is too much to get rid of the most extravagant and prodigal Government that this country ever saw. If we stay we are bungling, if we go we are tricking. Well, we must either go or stay. I will tell you what it all means, and I will tell you something else that is interesting.

It was a speech by Mr. Asquith. Mr. Asquith does not like us. It was a speech in parts very amusing—unconsciously as far as I can see. His complaint is not that we are not doing the right thing, but he had done it three years ago. That is just like him. He was always prompt. He was always ahead of things. No "Wait and See" about him. Three years before any

one else thought of the things—well, he did it. Well, the nation evidently could not keep up with his promises, and he now has been indulging in a rather dreary tirade about our extravagance and mismanagement.

But I expected them to end this great indictment by a passionate demand that we should go, that the country should have an opportunity immediately of getting rid of us. Not a word. Do you know what it means? It means that all these things they have been saying and writing and urging are not believed by the people who say them. Otherwise is it conceivable that if that were true there would not be insistent demands that the nation be asked immediately to pronounce an opinion and to save itself from such a disastrous Government?

So much have I got to say about a general election, but whether the election comes early or comes late—and it must come some day—we shall have but one policy to put before the country, a policy not dictated by electioneering exigencies, but the policy demanded by the needs of the country and of the world.

What is the country doing? What is the country's position? What is the world's position? We have come through an exhausting and devastating war which has created an almost unexampled position. Not quite. It is comparable perhaps to the position of the Napoleonic wars, after which had to be restored the position of commerce and the economic life of the world. But this was an infinitely greater, it was an infinitely more exhausting war—a more costly, more destructive war, and therefore the loss which has to be repaired is incalculably greater. We have shattered trade. We have increased burdens.

Now I am going to deal with each if I can have your indulgence. Trade is in a worse position throughout the world than anybody has ever witnessed. In our own land there are 2,000,000 of unemployed. In the United States of America there are many more. Why is that? There is greater need for our goods in the world than ever before; there is less demand. It is not so much that the world cannot produce wealth which would enable it to pay for those goods if credit could be got, but credit is impossible without confidence and stability, and the problem which confronts Great Britain and the world might be summed up in one phrase—the restoration of international confidence, confidence in Great Britain, confidence in other countries, but, above all, confidence of one country in every other country.

International confidence is the basis of international trade. We are a country above all that depends upon international trade. If there is no international trade there is desolation here, and to restore that you must restore international confidence.

How can you approach that problem? The electric currents of trade must necessarily be irregular and feeble in the disturbed atmosphere of the world, and without confidence you cannot build up credit, without credit you cannot have trade, and without trade you cannot have subsistence for our people. You cannot fill up the exhausted reservoirs depleted by the war.

Our burdens will become intolerable and bankruptcy will stare the world in the face unless action is taken, international action—not merely action of one land, but of all lands.

How can confidence be established? I am sometimes asked by friends of mine, "Why do you devote so

much of your time to foreign affairs? Why don't you give more of your time to domestic matters?"

I will tell you why. Until you restore peace to the world we shall be the greatest victims and sufferers. In order to restore confidence you must establish a real peace in the world. If before 1914 traders had realized that peace was so precarious they would have shrunk from the most ordinary happenings. Trade has had a great shock in the war. It feels timid, it feels frightened, it is scared. You must restore its nerve. As long as there are questions which incite unrest and create disturbances you will not get trade to take the necessary risks.

Peace must be based upon the firm basis of a good understanding amongst all peoples. That is the first condition of economic restoration in the world and that is the task in front of the Governments, not merely our Government, but all Governments throughout the world.

I am one of those who believe (and I think you will agree with me) that the less Governments interfere with trade the better. For that reason I fully approve of the resolution carried yesterday. The Safeguarding of Industries Bill is dealing with a purely temporary situation of quite an abnormal character. The world has never seen anything like it. I am not going to plead that we inherited it. We did, as a matter of fact. It was based upon resolutions made in an eloquent and forcible speech by Mr. Asquith. But I do not plead that; I plead the exigencies of international finance. But that is a purely temporary condition. In normal conditions the less Governments interfere with trade the better for trade and the better for Governments.

I will tell you what a Government can do. They can produce and guarantee only conditions which make trade possible. What are those? You talk of programs. There is one urgent program, one urgent item of a program. Let us inscribe it on our banners: "Peace on earth and good will among men."

In seeking to establish a general understanding among nations you require great patience, for there are many distrusts and suspicions. There are men who think they could have done it by a stroke of the pen had they been at Versailles two or three years ago. Those who think that cannot have read the foreign press, not then and not now. Otherwise it would have cured them of their delusions. But progress has been made gradually; it has been made by patience, by continuity, by not being in a hurry, by not rushing things, carrying the conviction and judgment of all peoples along with you gradually as they realized the difficulties in the way of extravagant and extreme proposals.

The Washington conference has been a notable event, one of the outstanding events of the world, an example to follow, and we owe a deep debt of gratitude to Mr. Balfour for the notable part which he has taken in that conference. It is a source of pride to us as Britishers that we should be so represented at that great international gathering.

His eloquence, his tact, his high statesmanship, have added lustre to an already distinguished career.

The conference is not over, but great things have been already achieved. Were it only an interchange of views and the removal of prejudice—four-fifths of the difficulties of the world come from suspicions; most quarrels are bred in suspicion which should

be removed by sensible interchange of opinions—that at any rate has been accomplished and I am hopeful of much more. Nothing has ever done as much to restore a good understanding between the United States of America and ourselves and the peace of the world largely depends upon that foundation.

Then, coming to the European situation here, you are dealing with old and rooted complications; you have old hatreds, old rivalries, old feuds, old suspicions, old distrusts. The best and worst in the national lives of European peoples, in their passions and in their ideals, are inextricably mixed. When you begin to deal with any European problem you begin to realize it requires unfailing patience, persistence, continuity and refusal to be dismayed by temporary setbacks. The men who think they can cleanse Europe of its ills and straighten out the European tangle in two or three years are either ignorant of real conditions or they are misleading their public.

What has happened in France shows how warily you have to tread among so many bristling suspicions. There is only one way to affect, greatly improve and ultimately reach the goal and that is by insisting on bringing the nations to the test of reason and not of force.

How are you to do that? Insistent meeting, discussing, reasoning and, let us say the word, conference. If there had been a conference in 1914, in July, there would have been no catastrophe in August; it would have been impossible. You watch it. It is my business to watch it, and this is what happens when you do not meet to interchange views. Misunderstandings arise, misunderstandings ripen almost into en-

tanglements, fierce controversies begin. After an interval you have a conference and misunderstandings disappear, suspicions are removed and there is improved temper, and, although you do not achieve the ultimate result you get nearer to it. It is true you cannot point to a single conference that has settled the entanglements, but each conference is a rung in the ladder that enables you to reach ultimate peace on earth.

There are those who go back to an old note and say, "Let us get rid of conferences. Let us interchange dispatches and letters." What follows? Each party states its own point of view, and, instead of bringing the parties together, it too often hardens them in their convictions. You cannot have it out with a letter, you cannot argue with a dispatch, you cannot reason with a diplomatic message. Come face to face and I have profound conviction and faith in the ultimate reason of man.

I am an optimist, I believe in my fellow-men made in the image of God and that if you bring them together to talk quietly reason prevails.

The greatest appeal for the return to old diplomacy is made by those who have been devastated by it. If you had had a conference under the new methods you would not have had the provinces of France now awaiting repair. It is no use gibing at France. It is very easy. The men who hate conferences are the men of rigid views, the men who dislike facing realities, but once in a conference there is somebody, at any rate, who brings them face to face with realities. There are people who have never looked a reality in the face, and it is a good thing forcing them to do it now and again.

All those who are anxious for peace should have the courage to tread the only path that leads to peace and believe in open discussion.

There is a conference to be held at Genoa, in many respects the greatest international conference ever held. The nations of Europe without distinction have been invited to come. Why have they all been invited to come? Because we want to put an end to these constant wars and rumors of wars, which are just as bad, or at least almost as bad, for international business as war itself. You hear one day that Russia is arming to attack Poland, that Poland is organizing an insurrection in the Ukraine, that Russia is going to attack Rumania and that Finland is going to attack a part of Russia. You hear that one of the States that used to constitute the Austrian Empire is threatening its neighbors and that its neighbors threaten it back.

There is no stability in that. You cannot build up business on that rotten foundation. There are rumors and rumbles in Central Europe, and we are going to bring the countries together face to face and see if there is a chance of bringing them to some reasonable understanding.

The present condition of things is bad for us. That that must be so is realized by sensible people in Great Britain. They say, "What a beginning; forty-five nations and a thousand experts; what extravagance; a thousand experts, financial, diplomatic and economic."

They are cheaper than military experts, their retinue is smaller. One thousand experts, and we have just concluded an argument conducted between the same nations lasting four and a half horrible years!

There were 30,000,000 of men engaged in that conference, there were 10,000,000 of young men left dead on the debating ground, ten more millions mutilated, fifty billions of expenses. People may better try another conference. Look at poor Europe, bleeding, devastated, desolate, distressed! Do give us another chance of talking together, appealing to reason, seeing whether we cannot get men to listen and seeing whether the old sense of brotherhood that is at the bottom of all of the human race will not end in grasping hands and in friendly cooperation with the rest, and not in conflicts that bring disaster and ruin upon all.

When you come to that conference, if men go there, if statesmen of all the nations go there determined to do their best, determined to remove difficulties and not to create them, determined to allay suspicions and not to arouse them, determined to help and not to hinder, there will be a great pact of peace as a result of the conference, and I would appeal from here as far as my feeble voice shall extend, not merely to this room, but, even more, I would appeal to all men in power, to all rulers of men who have got the opportunity to determine it, to go there in the spirit of peace and peace will ensue.

Without peace it is no use having economics. For that reason we placed deliberately on the agenda of this conference the first question of establishing peace in Europe. We put it first, why? Because unless you can do that it is no use somebody asking the experts to discuss financial schemes, trade credit schemes. The trader won't go out in bad weather, he has had enough of it, he is drenched to the skin and there is nowhere yet to dry his clothes. You

must first of all sweep the clouds away, give him a fair and clear atmosphere, and he will go out, and the trader will become the missionary of peace. Schemes may expedite and schemes may facilitate, but without peace every scheme must fail.

I have one other word to say about the Genoa conference. I have read that Lord Grey and I believe that Lord Robert Cecil think the Genoa conference ought to be left to the League of Nations. I am a believer in the League of Nations. I wish some of those friends would not run it as if it were a sort of little party show too often. They must remember the League of Nations is established by the much abused Treaty of Versailles, and, therefore, as one of the also much abused authors of that much abused treaty, I naturally have great belief in what was partly the work of my own hands. But you must not run a thing like this too hard. If you give work to the League of Nations which for special reasons it is not adapted to discharge, you do harm to the League of Nations. The League of Nations is in the making and you cannot make things by written constitutions. You must create confidence in it, and confidence can only be created by achievement, and every failure which the League could very well afford when it was well established, every failure at this stage, is a ruinous one. It is like the fall of an infant; it may get a broken spine, and it would simply limp for the rest of its days. It must establish itself, but it cannot do that if you entrust it with duties which at the moment it is obvious, for special reasons, it is unfit to carry through to such a full issue.

I say that in this case we are anxious to get all the nations there to this conference. There were two

nations who certainly would not be there if the conference had been summoned under the auspices of the League of Nations, and the first is the United States of America. I am not going to express an opinion as to whether the United States is likely to be there at all. If I did I would only do harm. If you leave the League of Nations to summon the conference, it practically rules out the United States of America, and the responsibility then would be ours, not theirs. Has it ever occurred to them that Russia had refused to do anything with the League of Nations. We turned the League of Nations on to Russia, I forget when, two or three years ago, and Russia refused absolutely to have anything to do with it. It is not for me to express an opinion. I know something of the reasons, from what was said. I am not going to discuss that. There is the great fact—there are two great nations, and if you are going to establish peace and going to get the economic restoration of the world, it is necessary that you should get there these two nations, and they would not be there if the conference were summoned under the auspices of the League of Nations. I should think that was a satisfactory reason.

Well, that is what we are doing to restore peace. The Washington conference is establishing peace in the great West and I am looking forward to the Genoa conference to establish peace in the East. They will be like the two wings of the Angel of Peace hovering over the world. The trader and financier and manufacturer can go forth without fear of hidden traps and perils and destructions. The worker can labor without apprehension. Credit can be given and extended and the broken avenues of trade repaired,

normal life resumed and the world march on to plenty and tranquillity.

That is our program of peace. There will be no peace unless there is real understanding and unless understanding is followed by considerable reductions in menacing armaments that still encumber and burden the world. If you add up the cost of those armaments you find they reach appalling dimensions. What is the reason? After the Napoleonic wars Europe was so exhausted and war was so unpopular you had no great European war for forty years. If you can succeed in putting off war for one generation at any rate it gives the world time to recuperate and recover its lost position.

If an understanding is established in this great conference I feel very confident that the nations themselves, burdened as they are with the cost of these extravagant armaments, will demand a reduction. In this country we are setting the example. We have already discarded conscription, reduced our army or are reducing it below the pre-war figure. We are reducing our navy and our air force.

Nations must take risks for peace as well as for war and the greatest risk that faces a nation now is the risk of bankruptcy.

I meant to have said a word about reparations from Germany, which has to be dealt with. I am not one of those who believe that Germany ought to be let off the payment of that sum for damage wantonly committed by her. France is laboring under very heavy burdens in order to repair that damage, so is Belgium, so is Italy and other countries, and Germany ought to pay. In a civil suit between individuals, an individual would have to pay costs. Germany can

pay hers. Germany, like every other country, is suffering from the great collapse of international trade. Second to ourselves, she depends more upon international trade than anybody. She is suffering; that is temporary, that can be dealt with by experts. As a matter of fact, before the Cannes conference dissolved experts had come to an arrangement which I think was satisfactory, which I believe Germany could have accepted. It was provisionally agreed among us and I am hopeful that something of the same kind will be done again, unless folly intervenes. But it is a matter that must be dealt with. It must be put upon a firm basis so that Europe should know exactly where she is. Delay is dangerous and the sooner it is settled the better.

I must say a word about the question of economy which has been raised. If there is a general understanding between nations it is easy to walk along the path of economy, because it is easier for us to curtail our expenditure in the most costly item, and that is the provision of security for this country. It is essential to reduce the burden of the taxpayer to the lowest possible figure consistent with national security and efficiency. Year by year since the war we have been engaged in cutting down. You must not imagine that it is an easy task. There are people who talk about the axe. They have no idea of the many nails there are in the wood, and unless you are competent, more harm is done to your axe than to the timber—much. But you must remember that every cutting down of expenditure adds to unemployment, not so much directly as indirectly, and you have got—I won't say vested interests, but you have got a good many institutions which think that

in their present state they are absolutely essential to the life of the community. Those who are experienced will know the difficulty.

We sought first of all to produce economy through departments. It is almost unfair because each branch is naturally concerned about preserving its own strength and efficiency, and instinctively, though not deliberately, offers resistance. If anybody offered to cut off one of your nails, although you might imagine they were serving the State in doing so, still natural instinct would come and would make you draw back, and the same thing applies when you begin to lop off in departments. They do not like it, and when you cut deep into the branches which they have fostered with care, watched the growth of with pride, it is very difficult; so we decided on an absolutely new experiment. We appointed a committee of business men, with a chairman who had experience of several departments. Of course you had the usual jeers about business men, but now there is a great demand, from people who laugh at us, for the publication of this valuable document. When it was appointed it was a farce, but now it is asked, "Why is a valuable report of these great men withheld from the public gaze? There is some reason—the Ministers, of course," say these people, and they demand it. It is just like the story of the general election.

But it will be published. The investigation and report are not complete, but we intend to publish it. I will not anticipate publication by discussing it. The report requires, demands and will involve very drastic, very searching, very ruthless cutting down. It will provoke criticism and resistance not merely from the interests, but from many men honestly concerned

about the efficiency of particular branches. But you must take some risks. You must take into account the state of the national exchequer, you must take into account not merely what you would like to do, but what you can afford to do. You cannot insure against every risk that is likely to arise. If you think of every risk that is likely to befall you and take out an insurance policy for every one, your income vanishes. If we must keep our expenditure within our income, take a few reasonable risks so as to avoid the risk of bankruptcy, and it is in that spirit that I invite the nation to assist us to carry out the report of this relentless committee.

Having established peace abroad, we must have peace at home—peace between classes. If international trade were restored tomorrow you could not reap the full benefit unless there was cordial co-operation between all those who are engaged in the production of our wealth. One knows how hardly we were hit by the great strike of last year. If the whole machinery of production is to be torn up and a completely new and revolutionary system substituted for it by which State action is to take the place of individual enterprise, the revival of international trade will have comparatively little interest for Great Britain, for, while we are engaged in scrapping the machinery which has produced our wealth and our prosperity, our trade will pass away into other hands and may never return. You can only do those things successfully if national unity is preserved. That is the essential condition.

More depends on Great Britain than on any land if the peace of Europe is to be restored. Europe and the world are looking to the steadiness of Great

Britain. She has been steady, she has never stirred, she has never wavered; her policy has never fluctuated.

That is the source of our power, and if you break up national unity and set up a rocky and precarious party organization instead of the national organization you have at present, Great Britain goes down. If you restore party strife the energies of statesmen, which should be devoted entirely to the restoring of the position consequent upon the war, will be absorbed by petty party politics. My friends and I have been engaged in party conflicts. We have taken our fair share, but there is one thing about a party fight, and that is, it is the most absorbing business that ever came to a man. It takes all your energies and thoughts and zeal, and very often the smallest point is most zealous for argument because it requires more zeal in order to drive it home and to attract attention to it. That is what will happen if you are going to resume the old party fights. Statesmen will have their best minds concentrated on partisan squabbles at home instead of giving all their energies, all their intelligence, all their experience, all their strength in pulling the old country through.

If we had a renewal of party conflict I feel that the men whom I see round me and myself could quite hold our own from that point of view. I do not dread it in the least, I dread it for the country. Since we decided upon a policy of national unity, I tell you in all honor, I have never given a thought to party advantage. I have thought about nothing but the means of helping my native land to win through. I joined the Coalition Ministry in 1915. I gave up then the position which is regarded as second in the

political hierarchy and took in the coalition one of the lowest positions. In that coalition I thought I could serve the country best. Pardon this personal reference. So much of the attack on the coalition centres round my highly controversial personality that I had to say it.

In 1916 I never sought the headship of the coalition. I offered to serve under anybody who would do his best to win the war. I offered to serve with Mr. Bonar Law or with Mr. Balfour, and it is because they thought it was better that I should take the headship of the coalition that I was chosen. It was not my choice, it was not my seeking, it was not my proposal; it was entirely theirs. That is why I am there. As long as I am there I will do my best, and when I cease to be there I will still do my best, and when I say that national unity is necessary it is because I believe in all consciousness it is essential until the country is restored to something like normal conditions.

What is there to quarrel with? We have achieved great things by national unity. You would not have won the war if there had been a party fight. I have seen Ministers trying to give their minds to war in other countries when there were faction attacks upon them. You could not have done it. You could not have settled Ireland if you had returned to the party system. It would have been impossible, it would have aroused so much prejudice, antagonism and hostility. For many reasons it would have been impossible for a single party to carry us through. The *Manchester Guardian* very fairly stated that you cannot restore the peace of Europe on the two party system. Other countries might perhaps do it.

I wonder where those countries are. Where are they? There is one great stable country I can see, if Great Britain doesn't deprive the world of the full advantage of power and prestige in this great saving land by shattering her realities upon wretched party feeling. What is there to quarrel about? Is peace Liberal or is it Conservative? Which? Gladstone and Bright, they were great Peace Ministers, so was Canning, so was Peel. Mr. Balfour has achieved the greatest triumph that any Minister could possibly have accomplished. Is peace a party quarrel? Why quarrel about it? Why pull its wings, one by one, Liberal dragging this and Conservative dragging that until it cannot move?

What is there to quarrel about? Private enterprise, the resistance to revolutionary policy, to the overthrow of the individual enterprise that has made this country? What is the difference between Liberals and Conservatives there? The Liberal says: "I believe in freedom, therefore I am opposed to fettering industry with any such regulations. I am therefore for private and individual enterprise." That is the way he approaches the question. The Conservative says: "I am in favor of maintaining the institutions that have created the greatness and prosperity of this country. I consider private enterprise to be one of them. I approach it from that point of view." But they are both serving the same cause.

There is one army entering the Citadel from that gate and there is another army entering by this gate and the Coalitionist says "we are fighting to defend the same fortress. Let's combine forces." The die-hards—and there are die-hards in both parties, there are Tory die-hards and there are Liberal die-hards—

they say: "Well, you have approached from different directions. You marched in in that direction, the Conservatives marched in in an opposite direction, therefore you are fundamentally opposed to each other and the first thing you have got to do is to fight it out among yourselves as to who shall garrison the fortress. The survivors will do it. Meanwhile the enemy will march in through the third gate and capture and destroy the city. I, with all the emphasis at my command, I say it will be fatal in this hour to return to the old party conflicts until the task of national unity has been accomplished. If that is done the responsibility must rest on those who made that choice. My friends could not accept that responsibility, but if we are put to it we shall not shrink from our duty. Those are the proposals I got from them.

Each generation is assigned its task by Providence. Sometimes it is assigned to one nation, sometimes to another, and the nation that shrinks or shirks it is doomed. To one generation the great duty of the hour is the winning of religious freedom; to the next civil freedom. Another generation is called upon to devote its energies and its power to achieving national honor and national freedom against great forces that threaten them with overthrow. The next generation may have the more commonplace task of developing the material resources of the country with the help of human ingenuity. The next concentrates upon making better provision for the toilers who produce the wealth. That is the task which is always with us. But above all the task committed to this generation now is to learn and profit by the lessons of the Great War, the lessons scourged into the flesh of the world and from which it is still sore and fevered

and the lesson that the time has come to inaugurate the reign of peace amongst men.

It is our task especially as a great empire to help in bringing peace to the continent which has been tormented for unknown ages by the savagery of endless wars, so that this fine and virile race can concentrate their resolute energies in a more serene and tranquil atmosphere and make their contribution toward solving the eternal problems of mankind.

II

TEXT OF THE RESOLUTION OF THE
SUPREME COUNCIL CALLING
THE GENOA CONFERENCE

(Reprinted from the *New York Times*, January 7, 1922.)

Cannes, January 6, 1922

The Allied Powers, met in conference, are unanimously of the opinion that a conference of an economic and financial nature should be called during the first weeks of March at which all the European powers, Germany, Austria, Hungary, Bulgaria and Russia included, should be invited to send representatives. They consider that such a conference constitutes an urgent and essential step toward the economic reconstruction of Central and Eastern Europe. They are of the firm opinion that the Prime Ministers of each nation ought, if possible, to take part themselves at this conference so that the recommendations can be acted on as quickly as possible.

The Allied Powers consider that the restoration of the international commerce of Europe, as well as the development of the resources of all countries, is necessary to increase the amount of productive labor and lessen the suffering endured by the European peoples.

A common effort by the most powerful States is necessary to render to the European system its vitality which is now paralyzed.

This effort ought to be applied to the suppression

of all obstacles in the way of commerce. It ought to be applied also to granting large credits to the most feeble countries and to the cooperation of all for the restoration of normal production.

The Allied Powers consider that the fundamental and indispensable conditions for the realization of an efficacious effort are capable of being defined in general terms as follows:

1. The nations cannot claim the right to dictate to each other the principles according to which they must organize within their frontiers, their régime of property, their economy and their government. It is the right of each country to choose for itself the system which it prefers.

2. Nevertheless it is not possible to place foreign capital in order to help a country unless the foreigners who provide the capital have a certitude that their property and their rights will be respected and that the fruits of their enterprise will be assured.

3. This feeling of security cannot be reestablished unless nations or their Governments desiring to obtain foreign credits freely engage: (a) To recognize all public debts and obligations which have been contracted, or will be contracted or guaranteed by States, municipalities, or other public organizations, and to recognize also obligation to restore or, in case of default, to indemnify all foreign interests for loss or damage which has been caused by the confiscation or sequestration of property; (b) to establish legal and juristic punishment and assure the impartial execution of all commercial or other contracts.

4. The nations ought to have available convenient means of exchange; in general, financial and monetary

conditions ought to exist which offer sufficient guarantees.

5. All nations ought to engage to abstain from all propaganda which is subversive of the political system established in other countries.

6. All nations ought to take a common engagement to abstain from all aggression on their neighbors.

If with a view to assuring the necessary conditions for the development of the commerce of Russia the Russian Government claims official recognition, the Allied Governments cannot accord this recognition unless the Russian Government accepts the preceding conditions.

Two lines of postscript are added that the conference will be held in Italy and that the United States will be invited to participate.

LIST OF PUBLICATIONS

Nos. 1-157 (April, 1907, to December, 1920). Including papers by Baron d'Estournelles de Constant, George Trumbull Ladd, Elihu Root, Barrett Wendell, Charles E. Jefferson, Seth Low, John Bassett Moore, William James, Andrew Carnegie, Pope Pius X, Heinrich Lammasch, Norman Angell, Charles W. Eliot, Sir Oliver Lodge, Lord Haldane, Alfred H. Fried, James Bryce, and others; also a series of official documents dealing with the European War, the League of Nations, the Peace Conference, and with several of the political problems resulting from the War. A list of titles and authors will be sent on application.

158. The Communist Party in Russia and Its Relation to the Third International and to the Russian Soviets. Part I. January, 1921.
159. The Communist Party in Russia and Its Relation to the Third International and to the Russian Soviets. Part II. February, 1921.
160. Central European Relief, by Herbert Hoover; Relief for Europe, by Herbert Hoover; Intervention on Behalf of the Children in Countries Affected by the War, by the Swiss Delegation to the Assembly of the League of Nations; The Typhus Epidemic in Central Europe, by the Right Hon. A. J. Balfour; Report of the Special Commission on Typhus in Poland, to the Assembly of the League of Nations. March, 1921.
161. Disarmament in its Relation to the Naval Policy and the Naval Building Program of the United States, by Arthur H. Pollen. April, 1921.
162. Addresses on German Reparation by the Rt. Hon. David Lloyd George and Dr. Walter Simons, London, March 3rd and 7th, 1921. May, 1921.
163. The Fiftieth Anniversary of the French Republic. June, 1921.
164. Convention for the Control of the Trade in Arms and Ammunition, and Protocol, signed at Saint-Germain-en-Laye, September 10, 1919. July, 1921.
165. Addresses at the Fifteenth Annual Meeting of the American Society of International Law, by the Hon. Elihu Root. August, 1921.
166. Constitution of the Permanent Mandates Commission; Terms of the "C" Mandates; Franco-British Convention of December 23, 1920; Correspondence between Great Britain and the United States Respecting Economic Rights in the Mandated Territories; The San Remo Oil Agreement. September, 1921.
167. Present Problems of the Commonwealth of British Nations: Conference of Prime Ministers and Representatives of the United Kingdom, the Dominions and India, held in June, July and August. October, 1921.
168. Relations between Great Britain and Ireland: Proposals of British Government and Correspondence between Mr. Lloyd George and Mr. de Valera. November, 1921.
169. Washington Conference on the Limitation of Armaments. December, 1921.
170. Treaties of Peace between the United States on the one hand and Germany, Austria and Hungary on the other. January, 1922.
171. Peace through Conferences: Address delivered by Mr. Lloyd George at Central Hall, Westminster, London, on January 21, 1922 and text of the resolution of the Supreme Council calling the Genoa Conference, February, 1922.

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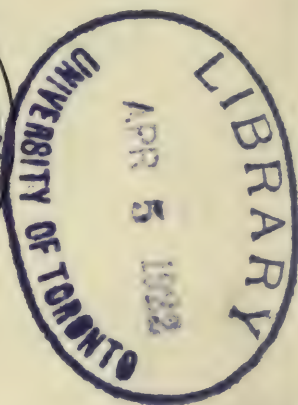
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WASHINGTON CONFERENCE ON THE LIMITATION OF ARMAMENT

PART II TREATIES AND RESOLUTIONS



MARCH, 1922

No. 172

AMERICAN ASSOCIATION FOR INTERNATIONAL CONCILIATION
EDITORIAL OFFICE: 407 WEST 117TH STREET, NEW YORK CITY
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It is the aim of the Association for International Conciliation to awaken interest and to seek cooperation in the movement to promote international good will. This movement depends for its ultimate success upon increased international understanding, appreciation, and sympathy. To this end, documents are printed and widely circulated, giving information as to the progress of the movement and as to matters connected therewith, in order that individual citizens, the newspaper press, and organizations of various kinds may have accurate information on these subjects readily available.

The Association endeavors to avoid, as far as possible, contentious questions, and in particular questions relating to the domestic policy of any given nation. Attention is to be fixed rather upon those underlying principles of international law, international conduct, and international organization, which must be agreed upon and enforced by all nations if peaceful civilization is to continue and to be advanced. A list of publications will be found on page 106.

Subscription rate: Twenty-five cents for one year, or one dollar for five years.

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I

A TREATY BETWEEN THE UNITED STATES OF
AMERICA, THE BRITISH EMPIRE, FRANCE,
ITALY, AND JAPAN, LIMITING NAVAL
ARMAMENT

(Reprinted from the official report on the Washington Conference, Senate Document No. 126.)

The United States of America, the British Empire, France, Italy and Japan;

Desiring to contribute to the maintenance of the general peace, and to reduce the burdens of competition in armament;

Have resolved, with a view to accomplishing these purposes, to conclude a treaty to limit their respective naval armament, and to that end have appointed as their plenipotentiaries;

The President of the United States of America:

Charles Evans Hughes,

Henry Cabot Lodge,

Oscar W. Underwood,

Elihu Root,

citizens of the United States;

His Majesty the King of the United Kingdom of Great Britain and Ireland and of the British Dominions beyond the Seas, Emperor of India:

The Right Honourable Arthur James Balfour, O. M.,
M. P., Lord President of His Privy Council;

The Right Honourable Baron Lee of Fareham, G. B. E.,
K. C. B., First Lord of His Admiralty;

The Right Honourable Sir Auckland Campbell Geddes,
K. C. B., His Ambassador Extraordinary and Plenipotentiary to the United States of America;

and

for the Dominion of Canada:

The Right Honourable Sir Robert Laird Borden, G. C.
M. G., K. C.;

for the Commonwealth of Australia:

Senator, the Right Honourable George Foster Pearce,
Minister for Home and Territories;

for the Dominion of New Zealand:

The Honourable Sir John William Salmond, K. C.,
Judge of the Supreme Court of New Zealand;

for the Union of South Africa:

The Right Honourable Arthur James Balfour, O. M.,
M. P.;

for India:

The Right Honourable Valingman Sankaranarayana
Srinivasa Sastri, Member of the Indian Council of
State;

The President of the French Republic:

Mr. Albert Sarraut, Deputy, Minister of the Colonies;

Mr. Jules J. Jusserand, Ambassador Extraordinary and
Plenipotentiary to the United States of America, Grand
Cross of the National Order of the Legion of Honour;

His Majesty the King of Italy:

The Honourable Carlo Schanzer, Senator of the King-
dom;

The Honourable Vittorio Rolandi Ricci, Senator of the
Kingdom, His Ambassador Extraordinary and Pleni-
potentiary at Washington;

The Honourable Luigi Albertini, Senator of the Kingdom;

His Majesty the Emperor of Japan:

Baron Tomosaburo Kato, Minister for the Navy, Junii,
a member of the First Class of the Imperial Order of
the Grand Cordon of the Rising Sun with the Paulow-
nia Flower;

Baron Kijuro Shidehara, His Ambassador Extraordinary
and Plenipotentiary at Washington, Joshii, a member
of the First Class of the Imperial Order of the Rising
Sun;

Mr. Masanao Hanihara, Vice Minister for Foreign Affairs, Jushii, a member of the Second Class of the Imperial Order of the Rising Sun;

Who, having communicated to each other their respective full powers, found to be in good and due form, have agreed as follows:

CHAPTER I

GENERAL PROVISIONS RELATING TO THE LIMITATION OF NAVAL ARMAMENT

ARTICLE I

The Contracting Powers agree to limit their respective naval armament as provided in the present Treaty.

ARTICLE II

The Contracting Powers may retain respectively the capital ships which are specified in Chapter II, Part 1. On the coming into force of the present Treaty, but subject to the following provisions of this Article, all other capital ships, built or building, of the United States, the British Empire and Japan shall be disposed of as prescribed in Chapter II, Part 2.

In addition to the capital ships specified in Chapter II, Part 1, the United States may complete and retain two ships of the *West Virginia* class now under construction. On the completion of these two ships the *North Dakota* and *Delaware* shall be disposed of as prescribed in Chapter II, Part 2.

The British Empire may, in accordance with the replacement table in Chapter II, Part 3, construct two new capital ships not exceeding 35,000 tons (35,560 metric tons) standard displacement each. On the completion of the said two ships the *Thunderer*, *King George V*, *Ajax* and *Centurion* shall be disposed of as prescribed in Chapter II, Part 2.

ARTICLE III

Subject to the provisions of Article II, the Contracting Powers shall abandon their respective capital ship building programs, and no new capital ships shall be constructed or acquired by any of the Contracting Powers except replacement tonnage which may be constructed or acquired as specified in Chapter II, Part 3.

Ships which are replaced in accordance with Chapter II, Part 3, shall be disposed of as prescribed in Part 2 of that Chapter.

ARTICLE IV

The total capital ship replacement tonnage of each of the Contracting Powers shall not exceed in standard displacement, for the United States 525,000 tons (533,400 metric tons); for the British Empire 525,000 tons (533,400 metric tons); for France 175,000 tons (177,800 metric tons); for Italy 175,000 tons (177,800 metric tons); for Japan 315,000 tons (320,040 metric tons).

ARTICLE V

No capital ship exceeding 35,000 tons (35,560 metric tons) standard displacement shall be acquired by, or constructed by, for, or within the jurisdiction of, any of the Contracting Powers.

ARTICLE VI

No capital ship of any of the Contracting Powers shall carry a gun with a calibre in excess of 16 inches (406 millimetres).

ARTICLE VII

The total tonnage for aircraft carriers of each of the Contracting Powers shall not exceed in standard displacement, for the United States 135,000 tons (137,160 metric tons); for the British Empire 135,000 tons (137,160 metric tons); for France 60,000 tons (60,960 metric tons); for Italy 60,000 tons (60,960 metric tons); for Japan 81,000 tons (82,296 metric tons).

ARTICLE VIII

The replacement of aircraft carriers shall be affected only as prescribed in Chapter II, Part 3, provided, however, that all aircraft carrier tonnage in existence or building on November 12, 1921, shall be considered experimental, and may be replaced, within the total tonnage limit prescribed in Article VII, without regard to its age.

ARTICLE IX

No aircraft carrier exceeding 27,000 tons (27,432 metric tons) standard displacement shall be acquired by, or constructed by, for, or within the jurisdiction of, any of the Contracting Powers.

However, any of the Contracting Powers may, provided that its total tonnage allowance of aircraft carriers is not thereby exceeded, build not more than two aircraft carriers, each of a tonnage of not more than 33,000 tons (33,528 metric tons) standard displacement, and in order to effect economy any of the Contracting Powers may use for this purpose any two of their ships, whether constructed or in course of construction, which would otherwise be scrapped under the provisions of Article II. The armament of any aircraft carriers exceeding 27,000 tons (27,432 metric tons) standard displacement shall be in accordance with the requirements of Article X, except that the total number of guns to be carried in case any of such guns be of a calibre exceeding 6 inches (152 millimetres), except anti-aircraft guns and guns not exceeding 5 inches (127 millimetres), shall not exceed eight.

ARTICLE X

No aircraft carrier of any of the Contracting Powers shall carry a gun with a calibre in excess of 8 inches (203 millimetres). Without prejudice to the provisions of Article IX, if the armament carried includes guns exceeding 6 inches (152 millimetres) in calibre, the total number of guns

carried, except anti-aircraft guns and guns not exceeding 5 inches (127 millimetres), shall not exceed ten. If alternatively the armament contains no guns exceeding 6 inches (152 millimetres) in calibre, the number of guns is not limited. In either case the number of anti-aircraft guns and of guns not exceeding 5 inches (127 millimetres) is not limited.

ARTICLE XI

No vessel of war exceeding 10,000 tons (10,160 metric tons) standard displacement, other than a capital ship or aircraft carrier, shall be acquired by, or constructed by, for, or within the jurisdiction of, any of the Contracting Powers. Vessels not specifically built as fighting ships nor taken in time of peace under government control for fighting purposes, which are employed on fleet duties or as troop transports or in some other way for the purpose of assisting in the prosecution of hostilities otherwise than as fighting ships, shall not be within the limitations of this Article.

ARTICLE XII

No vessel of war of any of the Contracting Powers, hereafter laid down, other than a capital ship, shall carry a gun with a calibre in excess of 8 inches (203 millimetres).

ARTICLE XIII

Except as provided in Article IX, no ship designated in the present Treaty to be scrapped may be reconverted into a vessel of war.

ARTICLE XIV

No preparations shall be made in merchant ships in time of peace for the installation of warlike armaments for the purpose of converting such ships into vessels of war, other than the necessary stiffening of decks for the mounting of guns not exceeding 6 inch (152 millimetres) calibre.

ARTICLE XV

No vessel of war constructed within the jurisdiction of any of the Contracting Powers for a non-Contracting Power shall exceed the limitations as to displacement and armament prescribed by the present Treaty for vessels of a similar type which may be constructed by or for any of the Contracting Powers; provided, however, that the displacement for aircraft carriers constructed for a non-Contracting Power shall in no case exceed 27,000 tons (27,432 metric tons) standard displacement.

ARTICLE XVI

If the construction of any vessel of war for a non-Contracting Power is undertaken within the jurisdiction of any of the Contracting Powers, such Power shall promptly inform the other Contracting Powers of the date of the signing of the contract and the date on which the keel of the ship is laid; and shall also communicate to them the particulars relating to the ship prescribed in Chapter II, Part 3, Section I (b), (4) and (5).

ARTICLE XVII

In the event of a Contracting Power being engaged in war, such Power shall not use as a vessel of war any vessel of war which may be under construction within its jurisdiction for any other Power, or which may have been constructed within its jurisdiction for another Power and not delivered.

ARTICLE XVIII

Each of the Contracting Powers undertakes not to dispose by gift, sale or any mode of transfer of any vessel of war in such a manner that such vessel may become a vessel of war in the Navy of any foreign Power.

ARTICLE XIX

The United States, the British Empire and Japan agree that the status quo at the time of the signing of the present

Treaty, with regard to fortifications and naval bases, shall be maintained in their respective territories and possessions specified hereunder:

(1) The insular possessions which the United States now holds or may hereafter acquire in the Pacific Ocean, except (a) those adjacent to the coast of the United States, Alaska and the Panama Canal Zone, not including the Aleutian Islands, and (b) the Hawaiian Islands;

(2) Hongkong and the insular possessions which the British Empire now holds or may hereafter acquire in the Pacific Ocean, east of the meridian of 110° east longitude, except (a) those adjacent to the coast of Canada, (b) the Commonwealth of Australia and its territories, and (c) New Zealand;

(3) The following insular territories and possessions of Japan in the Pacific Ocean, to wit: the Kurile Islands, the Bonin Islands, Amami-Oshima, the Loochoo Islands, Formosa and the Pescadores, and any insular territories or possessions in the Pacific Ocean which Japan may hereafter acquire.

The maintenance of the status quo under the foregoing provisions implies that no new fortifications or naval bases shall be established in the territories and possessions specified; that no measures shall be taken to increase the existing naval facilities for the repair and maintenance of naval forces, and that no increase shall be made in the coast defenses of the territories and possessions above specified. This restriction, however, does not preclude such repair and replacement of worn-out weapons and equipment as is customary in naval and military establishments in time of peace.

ARTICLE XX

The rules for determining tonnage displacement prescribed in Chapter II, Part 4, shall apply to the ships of each of the Contracting Powers.

CHAPTER II

RULES RELATING TO THE EXECUTION OF THE
TREATY—DEFINITION OF TERMS

PART 1

CAPITAL SHIPS WHICH MAY BE RETAINED BY THE CONTRACT-
ING POWERS

In accordance with Article II, ships may be retained by each of the Contracting Powers as specified in this Part.

Ships which may be retained by the United States.

Name	Tonnage
Maryland.....	32,600
California.....	32,300
Tennessee.....	32,300
Idaho.....	32,000
New Mexico.....	32,000
Mississippi.....	32,000
Arizona.....	31,400
Pennsylvania.....	31,400
Oklahoma.....	27,500
Nevada.....	27,500
New York.....	27,000
Texas.....	27,000
Arkansas.....	26,000
Wyoming.....	26,000
Florida.....	21,825
Utah.....	21,825
North Dakota.....	20,000
Delaware.....	20,000
Total tonnage.....	500,650

On the completion of the two ships of the *West Virginia* class and the scrapping of the *North Dakota* and *Delaware*, as provided in Article II, the total tonnage to be retained by the United States will be 525,850 tons.

Ships which may be retained by the British Empire.

Name	Tonnage
Royal Sovereign.....	25,750
Royal Oak.....	25,750
Revenge.....	25,750

Name	Tonnage
Resolution.....	25,750
Ramillies.....	25,750
Malaya.....	27,500
Valiant.....	27,500
Barham.....	27,500
Queen Elizabeth.....	27,500
Warspite.....	27,500
Benbow.....	25,000
Emperor of India.....	25,000
Iron Duke.....	25,000
Marlborough.....	25,000
Hood.....	41,200
Renown.....	26,500
Repulse.....	26,500
Tiger.....	28,500
Thunderer.....	22,500
King George V.....	23,000
Ajax.....	23,000
Centurion.....	23,000
<hr/>	
Total tonnage.....	580,450

On the completion of the two new ships to be constructed and the scrapping of the *Thunderer*, *King George V*, *Ajax* and *Centurion*, as provided in Article II, the total tonnage to be retained by the British Empire will be 558,950 tons.

Ships which may be retained by France.

Name	Tonnage (metric tons)
Bretagne.....	23,500
Lorraine.....	23,500
Provence.....	23,500
Paris.....	23,500
France.....	23,500
Jean Bart.....	23,500
Courbet.....	23,500
Condorcet.....	18,890
Diderot.....	18,890
Voltaire.....	18,890
<hr/>	
Total tonnage.....	221,170

France may lay down new tonnage in the years 1927, 1929 and 1931, as provided in Part 3, Section 2.

Ships which may be retained by Italy.

Name	Tonnage (metric tons)
Andrea Doria.....	22,700
Caio Duilio.....	22,700
Conte di Cavour.....	22,500
Giulio Cesare.....	22,500
Leonardo da Vinci.....	22,500
Dante Alighieri.....	19,500
Roma.....	12,600
Napoli.....	12,600
Vittorio Emanuele.....	12,600
Regina Elena.....	12,600
Total tonnage.....	182,800

Italy may lay down new tonnage in the years 1927, 1929 and 1931, as provided in Part 3, Section 2.

Ships which may be retained by Japan.

Name	Tonnage
Mutsu.....	33,800
Nagato.....	33,800
Hiuga.....	31,260
Ise.....	31,260
Yamashiro.....	30,600
Fu-So.....	30,600
Kirishima.....	27,500
Haruna.....	27,500
Hiyei.....	27,500
Kongo.....	27,500
Total tonnage.....	301,320

PART 2

RULES FOR SCRAPPING VESSELS OF WAR

The following rules shall be observed for the scrapping of vessels of war which are to be disposed of in accordance with Articles II and III.

I. A vessel to be scrapped must be placed in such condition that it cannot be put to combatant use.

II. This result must be finally effected in any one of the following ways:

(a) Permanent sinking of the vessel;

(b) Breaking the vessel up. This shall always involve the destruction or removal of all machinery, boilers and armour, and all deck, side and bottom plating;

(c) Converting the vessel to target use exclusively. In such case all the provisions of Paragraph III of this Part, except sub-paragraph (6), in so far as may be necessary to enable the ship to be used as a mobile target, and except sub-paragraph (7), must be previously complied with. Not more than one capital ship may be retained for this purpose at one time by any of the Contracting Powers.

(d) Of the capital ships which would otherwise be scrapped under the present Treaty in or after the year 1931, France and Italy may each retain two sea-going vessels for training purposes exclusively, that is, as gunnery or torpedo schools. The two vessels retained by France shall be of the *Jean Bart* class, and of those retained by Italy one shall be the *Dante Alighieri*, the other of the *Giulio Cesare* class. On retaining these ships for the purpose above stated, France and Italy respectively undertake to remove and destroy their conning-towers, and not to use the said ships as vessels of war.

III. (a) Subject to the special exceptions contained in Article IX, when a vessel is due for scrapping, the first stage of scrapping, which consists in rendering a ship incapable of further warlike service, shall be immediately undertaken.

(b) A vessel shall be considered incapable of further warlike service when there shall have been removed and landed, or else destroyed in the ship:

(1) All guns and essential portions of guns, fire-control tops and revolving parts of all barbettes and turrets;

- (2) All machinery for working hydraulic or electric mountings;
- (3) All fire-control instruments and range-finders;
- (4) All ammunition, explosives and mines;
- (5) All torpedoes, war-heads and torpedo tubes;
- (6) All wireless telegraphy installations;
- (7) The conning-tower and all side armour, or alternatively all main propelling machinery; and
- (8) All landing and flying-off platforms and all other aviation accessories.

IV. The periods in which scrapping of vessels is to be effected are as follows:

(a) In the case of vessels to be scrapped under the first Paragraph of Article II, the work of rendering the vessels incapable of further warlike service, in accordance with Paragraph III of this Part, shall be completed within six months from the coming into force of the present Treaty, and the scrapping shall be finally effected within eighteen months from such coming into force.

(b) In the case of vessels to be scrapped under the second and third paragraphs of Article II, or under Article III, the work of rendering the vessel incapable of further warlike service in accordance with Paragraph III of this Part shall be commenced not later than the date of completion of its successor, and shall be finished within six months from the date of such completion. The vessel shall be finally scrapped, in accordance with Paragraph II of this Part, within eighteen months from the date of completion of its successor. If, however, the completion of the new vessel be delayed, then the work of rendering the old vessel incapable of further warlike service in accordance with Paragraph III of this Part shall be commenced within four years from the laying of the keel of the new vessel, and shall be finished within six months from the date on which such work was commenced, and the old vessel shall be finally scrapped in accordance with Paragraph II of this Part within eighteen months from the date when the work of rendering it incapable of further warlike service was commenced.

PART 3

REPLACEMENT

The replacement of capital ships and aircraft carriers shall take place according to the rules in Section I and the tables in Section II of this Part.

SECTION I

RULES FOR REPLACEMENT

(a) Capital ships and aircraft carriers twenty years after the date of their completion may, except as otherwise provided in Article VIII and in the tables in Section II of this Part, be replaced by new construction, but within the limits prescribed in Article IV and Article VII. The keels of such new construction may, except as otherwise provided in Article VIII and in the tables in Section II of this Part, be laid down not earlier than seventeen years from the date of completion of the tonnage to be replaced, provided, however, that no capital ship tonnage, with the exception of the ships referred to in the third paragraph of Article II, and the replacement tonnage specifically mentioned in Section II, of this Part, shall be laid down until ten years from November 12, 1921.

(b) Each of the Contracting Powers shall communicate promptly to each of the other Contracting Powers the following information:

(1) The names of the capital ships and aircraft carriers to be replaced by new construction;

(2) The date of governmental authorization of replacement tonnage;

(3) The date of laying the keels of replacement tonnage;

(4) The standard displacement in tons and metric tons of each new ship to be laid down, and the principal dimensions, namely, length at waterline, extreme beam at or below waterline, mean draft at standard displacement;

(5) The date of completion of each new ship and its stan-

dard displacement in tons and metric tons, and the principal dimensions, namely, length at waterline, extreme beam at or below waterline, mean draft at standard displacement, at time of completion.

(c) In case of loss or accidental destruction of capital ships or aircraft carriers, they may immediately be replaced by new construction subject to the tonnage limits prescribed in Articles IV and VII and in conformity with the other provisions of the present Treaty, the regular replacement program being deemed to be advanced to that extent.

(d) No retained capital ships or aircraft carriers shall be reconstructed except for the purpose of providing means of defense against air and submarine attack, and subject to the following rules: The Contracting Powers may, for that purpose, equip existing tonnage with bulge or blister or anti-air attack deck protection, providing the increase of displacement thus effected does not exceed 3,000 tons (3,048 metric tons) displacement for each ship. No alterations in side armour, in caliber, number or general type of mounting of main armament shall be permitted except:

(1) in the case of France and Italy, which countries within the limits allowed for bulge may increase their armour protection and the caliber of the guns now carried on their existing capital ships so as not to exceed sixteen inches (406 millimeters) and (2) the British Empire shall be permitted to complete, in the case of the *Renown*, the alterations to armour that have already been commenced but temporarily suspended.

SECTION II

Replacement and Scrapping of Capital Ships—United States

Year.	Ships laid down.	Ships com- pleted.	Ships scrapped (age in parentheses).	Ships Retained. Summary	
				Pre-	Post-
				Jutland.	
			Maine (20), Missouri (20), Virginia (17), Nebraska (17), Georgia (17), New Jersey (17), Rhode Island (17), Connecticut (17), Louisiana (17), Vermont (16), Kansas (16), Minnesota (16), New Hampshire (15), South Carolina (13), Michigan (13), Washington (0), South Dakota (0), Indiana (0), Montana (0), North Carolina (0), Iowa (0), Massachusetts (0), Lexington (0), Constitution (0), Constellation (0), Saratoga (0), Ranger (0), United States (0).*	17	1
1922		A, B.†	Delaware (12), North Dakota (12).....	15	3
1923				15	3
1924				15	3
1925				15	3
1926				15	3
1927				15	3
1928				15	3
1929				15	3
1930				15	3
1931	C, D			15	3
1932	E, F			15	3
1933	G			15	3
1934	H, I	C, D	Florida (23), Utah (23), Wyoming (22)	12	5
1935	J	E, F	Arkansas (23), Texas (21), New York (21)	9	7
1936	K, L	G	Nevada (20), Oklahoma (20).....	7	8
1937	M	H, I	Arizona (21), Pennsylvania (21).....	5	10
1938	N, O	J	Mississippi (21).....	4	11
1939	P, Q	K, L	New Mexico (21), Idaho (20).....	2	13
1940		M	Tennessee (20).....	1	14
1941		N, O	California (20), Maryland (20).....	0	15
1942		P, Q	2 ships West Virginia class.....	0	15

*The United States may retain the *Oregon* and *Illinois* for non-combatant purposes, after complying with the provisions of Part 2, III, (b).

†Two *West Virginia* class.

NOTE.—A, B, C, D, &c., represent individual capital ships of 35,000 tons standard displacement, laid down and completed in the years specified.

Replacement and Scrapping of Capital Ships—British Empire

Year.	Ships laid down.	Ships completed.	Ships scrapped (age in parentheses).	Ships retained. Summary.	
				Pre-	Post-
				Jutland.	
			Commonwealth (16), Agamemnon (13), Dreadnought (15), Bellerophon (12), St. Vincent (11), Inflexible (13), Superb (12), Neptune (10), Hercules (10), Indomitable (13), Temeraire (12), New Zealand (9), Lion (9), Princess Royal (9), Conqueror (9), Monarch (9), Orion (9), Australia (8), Agincourt (7), Erin (7), 4 building or projected.*	21	1
1922	A, B†			21	1
1923				21	1
1924				21	1
1925		A, B	King George V (13), Ajax (12), Centurion (12), Thunderer (13).	17	3
1926				17	3
1927				17	3
1928				17	3
1929				17	3
1930				17	3
1931	C, D			17	3
1932	E, F			17	3
1933	G			17	3
1934	H, I	C, D	Iron Duke (20), Marlborough (20), Emperor of India (20), Benbow (20).	13	5
1935	J	E, F	Tiger (21), Queen Elizabeth (20), Warspite (20), Barham (20).	9	7
1936	K, L	G	Malaya (20), Royal Sovereign (20).....	7	8
1937	M	H, I	Revenge (21), Resolution (21).....	5	10
1938	N, O	J	Royal Oak (22).....	4	11
1939	P, Q	K, L	Valiant (23), Repulse (23).....	2	13
1940		M	Renown (24).....	1	14
1941		N, O	Ramillies (24), Hood (21).....	0	15
1942		P, Q	A (17), B (17).....	0	15

*The British Empire may retain the *Colossus* and *Collingwood* for non-combatant purposes, after complying with the provisions of Part 2, III, (b).

†Two 35,000-ton ships, standard displacement.

NOTE.—A, B, C, D, &c., represent individual capital ships of 35,000 tons standard displacement laid down and completed in the years specified.

Replacement and Scrapping of Capital Ships—France

Year.	Ships laid down.	Ships completed.	Ships scrapped (age in parentheses).	Ships retained. Summary.	
				Pre-	Post-
				Jutland.	
1922				7	0
1923				7	0
1924				7	0
1925				7	0
1926				7	0
1927	35,000 tons			7	0
1928				7	0
1929	35,000 tons			7	0
1930		35,000 tons	Jean Bart (17), Courbet (17).	5	(*)
1931	35,000 tons			5	(*)
1932	35,000 tons	35,000 tons	France (18).	4	(*)
1933	35,000 tons			4	(*)
1934		35,000 tons	Paris (20), Bretagne (20).	2	(*)
1935		35,000 tons	Provence (20).	1	(*)
1936		35,000 tons	Lorraine (20).	0	(*)
1937				0	(*)
1938				0	(*)
1939				0	(*)
1940				0	(*)
1941				0	(*)
1942				0	(*)

*Within tonnage limitations; number not fixed.

NOTE.—France expressly reserves the right of employing the capital ship tonnage allotment as she may consider advisable, subject solely to the limitations that the displacement of individual ships should not surpass 35,000 tons, and that the total capital ship tonnage should keep within the limits imposed by the present Treaty.

Replacement and Scrapping of Capital Ships—Italy

Year.	Ships laid down.	Ships completed.	Ships scrapped (age in parentheses).	Ships retained. Summary.	
				Pre-	Post-
				Jutland.	
1922	.....	.....	.....	6	0
1923	.....	.....	.....	6	0
1924	.....	.....	.....	6	0
1925	.....	.....	.....	6	0
1926	.....	.....	.....	6	0
1927	35,000 tons	.....	.....	6	0
1928	.....	.....	.....	6	0
1929	35,000 tons	.....	.....	6	0
1930	.....	.....	.....	6	0
1931	35,000 tons	35,000 tons	Dante Alighieri (19).....	5	(*)
1932	45,000 tons	.....	.....	5	(*)
1933	25,000 tons	35,000 tons	Leonardo da Vinci (19).....	4	(*)
1934	.....	.....	.....	4	(*)
1935	.....	35,000 tons	Giulio Cesare (21).....	3	(*)
1936	.....	45,000 tons	Conte di Cavour (21), Duilio (21)	1	(*)
1937	.....	25,000 tons	Andrea Doria (21).....	0	(*)

*Within tonnage limitations; number not fixed.

NOTE.—Italy expressly reserves the right of employing the capital ship tonnage allotment as she may consider advisable, subject solely to the limitations that the displacement of individual ships should not surpass 35,000 tons, and the total capital ship tonnage should keep within the limits imposed by the present Treaty.

Replacement and Scrapping of Capital Ships—Japan

Year.	Ships laid down.	Ships completed.	Ships scrapped (age in parentheses).	Ships retained. Summary.	
				Pre-	Post-
				Jutland.	
			Hizen (20), Mikasa (20), Kashima (16), Katori (16), Satsuma (12), Aki (11), Settsu (10), Ikoma (14), Ibuki (12), Kurama (11), Amagi (0), Akagi (0), Kaga (0), Tosa (0), Takao (0), Atago (0). Projected program 8 ships not laid down*	8	2
1922				8	2
1923				8	2
1924				8	2
1925				8	2
1926				8	2
1927				8	2
1928				8	2
1929				8	2
1930				8	2
1931	A.			8	2
1932	B.			8	2
1933	C.			8	2
1934	D.	A.	Kongo (21)	7	3
1935	E.	B.	Hiyei (21), Haruna (20)	5	4
1936	F.	C.	Kirishima (21)	4	5
1937	G.	D.	Fuso (22)	3	6
1938	H.	E.	Yamashiro (21)	2	7
1939	I.	F.	Ise (22)	1	8
1940		G.	Hiuga (22)	0	9
1941		H.	Nagato (21)	0	9
1942		I.	Mutsu (21)	0	9

*Japan may retain the *Shikishima* and *Asahi* for non-combatant purposes, after complying with the provisions of Part 2, III, (b).

NOTE.—A, B, C, D, &c., represent individual capital ships of 35,000 tons standard displacement, laid down and completed in the years specified.

NOTE APPLICABLE TO ALL THE TABLES IN SECTION II

The order above prescribed in which ships are to be scrapped is in accordance with their age. It is understood that when replacement begins according to the above tables the order of scrapping in the case of the ships of each of the Contracting Powers may be varied at its option; provided, however, that such Power shall scrap in each year the number of ships above stated.

PART 4

DEFINITIONS

For the purposes of the present Treaty the following expressions are to be understood in the sense defined in this Part.

Capital Ship

A capital ship, in the case of ships hereafter built, is defined as a vessel of war, not an aircraft carrier, whose displacement exceeds 10,000 tons (10,160 metric tons) standard displacement, or which carries a gun with a caliber exceeding 8 inches (203 millimeters).

Aircraft Carrier

An aircraft carrier is defined as a vessel of war with a displacement in excess of 10,000 tons (10,160 metric tons) standard displacement designed for the specific and exclusive purpose of carrying aircraft. It must be so constructed that aircraft can be launched therefrom and landed thereon, and not designed and constructed for carrying a more powerful armament than that allowed to it under Article IX or Article X, as the case may be.

Standard Displacement

The standard displacement of a ship is the displacement of the ship complete, fully manned, engined and equipped ready for sea, including all armament and ammunition, equipment, outfit, provisions and fresh water for crew, miscellaneous stores and implements of every description that are intended to be carried in war, but without fuel or reserve feed water on board.

The word "ton" in the present Treaty, except in the expression "metric tons," shall be understood to mean the ton of 2,240 pounds (1,016 kilos).

Vessels now completed shall retain their present ratings of displacement tonnage in accordance with their national system of measurement. However, a Power expressing displacement in metric tons shall be considered for the applica-

tion of the present Treaty as owning only the equivalent displacement in tons of 2,240 pounds.

A vessel completed hereafter shall be rated at its displacement tonnage when in the standard condition defined herein.

CHAPTER III

MISCELLANEOUS PROVISIONS

ARTICLE XXI

If, during the term of the present Treaty, the requirements of the national security of any Contracting Power in respect of naval defense are, in the opinion of that Power, materially affected by any change of circumstances, the Contracting Powers will, at the request of such Power, meet in conference with a view to the reconsideration of the provisions of the Treaty and its amendment by mutual agreement.

In view of possible technical and scientific developments, the United States, after consultation with the other Contracting Powers, shall arrange for a conference of all the Contracting Powers, which shall convene as soon as possible after the expiration of eight years from the coming into force of the present Treaty to consider what changes, if any, in the Treaty may be necessary to meet such developments.

ARTICLE XXII

Whenever any Contracting Power shall become engaged in a war which, in its opinion, affects the naval defense of its national security, such Power may, after notice to the other Contracting Powers, suspend for the period of hostilities its obligations under the present Treaty, other than those under Articles XIII and XVII, provided that such Power shall notify the other Contracting Powers that the emergency is of such a character as to require such suspension.

The remaining Contracting Powers shall, in such case, consult together with a view to agreement as to what temporary modifications, if any, should be made in the Treaty as between themselves. Should such consultation not produce agreement,

duly made in accordance with the constitutional methods of the respective Powers, any one of said Contracting Powers may, by giving notice to the other Contracting Powers, suspend for the period of hostilities its obligations under the present Treaty, other than those under Articles XIII and XVII.

On the cessation of hostilities, the Contracting Powers will meet in conference to consider what modifications, if any, should be made in the provisions of the present Treaty.

ARTICLE XXIII

The present Treaty shall remain in force until December 31, 1936, and in case none of the Contracting Powers shall have given notice two years before that date of its intention to terminate the Treaty, it shall continue in force until the expiration of two years from the date on which notice of termination shall be given by one of the Contracting Powers, whereupon the Treaty shall terminate as regards all the Contracting Powers. Such notice shall be communicated in writing to the Government of the United States, which shall immediately transmit a certified copy of the notification to the other Powers and inform them of the date on which it was received. The notice shall be deemed to have been given and shall take effect on that date. In the event of notice of termination being given by the Government of the United States, such notice shall be given to the diplomatic representatives at Washington of the other Contracting Powers, and the notice shall be deemed to have been given and shall take effect on the date of the communication made to the said diplomatic representatives.

Within one year of the date on which a notice of termination by any Power has taken effect, all the Contracting Powers shall meet in conference.

ARTICLE XXIV

The present Treaty shall be ratified by the Contracting Powers in accordance with their respective constitutional

methods and shall take effect on the date of the deposit of all the ratifications, which shall take place at Washington as soon as possible. The Government of the United States will transmit to the other Contracting Powers a certified copy of the procès-verbal of the deposit of ratifications.

The present Treaty, of which the French and English texts are both authentic, shall remain deposited in the archives of the Government of the United States, and duly certified copies thereof shall be transmitted by that Government to the other Contracting Powers.

In faith whereof the above-named Plenipotentiaries have signed the present Treaty.

Done at the City of Washington the sixth day of February, one thousand nine hundred and twenty-two.

CHARLES EVANS HUGHES
HENRY CABOT LODGE
OSCAR W. UNDERWOOD
ELIHU ROOT
ARTHUR JAMES BALFOUR
LEE OF FAREHAM
A. C. GEDDES
R. L. BORDEN
G. F. PEARCE
JOHN W. SALMOND
ARTHUR JAMES BALFOUR
V. S. SRINIVASA SASTRI
A. SARRAUT
JUSSERAND
CARLO SCHANZER
V. ROLANDI RICCI
LUIGI ALBERTINI
T. KATO
K. SHIDEHARA
M. HANIHARA.

II

A TREATY BETWEEN THE UNITED STATES OF
AMERICA, THE BRITISH EMPIRE, FRANCE,
ITALY, AND JAPAN, IN RELATION TO THE
USE OF SUBMARINES AND NOXIOUS
GASES IN WARFARE

(Reprinted from Senate Document No. 126.)

The United States of America, the British Empire, France, Italy and Japan, hereinafter referred to as the Signatory Powers, desiring to make more effective the rules adopted by civilized nations for the protection of the lives of neutrals and non-combatants at sea in time of war, and to prevent the use in war of noxious gases and chemicals, have determined to conclude a Treaty to this effect and have appointed as their Plenipotentiaries:

The President of the United States of America:

Charles Evans Hughes,

Henry Cabot Lodge,

Oscar W. Underwood,

Elihu Root,

citizens of the United States;

His Majesty the King of the United Kingdom of Great Britain and Ireland and of the British Dominions beyond the Seas, Emperor of India;

The Right Honourable Arthur James Balfour, O. M.,
M. P., Lord President of His Privy Council;

The Right Honourable Baron Lee of Fareham, G. B. E.,
K. C. B., First Lord of His Admiralty;

The Right Honourable Sir Auckland Campbell Geddes,
K. C. B., His Ambassador Extraordinary and Plenipo-
tentiary to the United States of America;

and

for the Dominion of Canada:

The Right Honourable Sir Robert Laird Borden, G. C.
M. G., K. C.;

for the Commonwealth of Australia:

Senator, the Right Honourable George Foster Pearce,
Minister for Home and Territories;

for the Dominion of New Zealand:

The Honourable Sir John William Salmond, K. C., Judge
of the Supreme Court of New Zealand;

for the Union of South Africa:

The Right Honourable Arthur James Balfour, O. M.,
M. P.;

for India:

The Right Honourable Valingman Sankaranarayana
Srinivasa Sastri, Member of the Indian Council of
State;

The President of the French Republic:

Mr. Albert Sarraut, Deputy, Minister of the Colonies;

Mr. Jules J. Jusserand, Ambassador Extraordinary and
Plenipotentiary to the United States of America, Grand
Cross of the National Order of the Legion of Honour;

His Majesty the King of Italy:

The Honourable Carlo Schanzer, Senator of the King-
dom;

The Honourable Vittorio Rolandi Ricci, Senator of the
Kingdom, His Ambassador Extraordinary and Pleni-
potentiary at Washington;

The Honourable Luigi Albertini, Senator of the King-
dom;

His Majesty the Emperor of Japan:

Baron Tomosaburo Kato, Minister for the Navy, Junii,
a member of the First Class of the Imperial Order of
the Grand Cordon of the Rising Sun with the Paulow-
nia Flower;

Baron Kijuro Shidehara, His Ambassador Extraordinary
and Plenipotentiary at Washington, Joshii, a member of
the First Class of the Imperial Order of the Rising Sun;

Mr. Masanao Hanihara, Vice Minister for Foreign Affairs, Jushii, a member of the Second Class of the Imperial Order of the Rising Sun;

Who, having communicated their full powers, found in good and due form, have agreed as follows:

ARTICLE I

The Signatory Powers declare that among the rules adopted by civilized nations for the protection of the lives of neutrals and non-combatants at sea in time of war, the following are to be deemed an established part of international law:

(1) A merchant vessel must be ordered to submit to visit and search to determine its character before it can be seized.

A merchant vessel must not be attacked unless it refuses to submit to visit and search after warning, or to proceed as directed after seizure.

A merchant vessel must not be destroyed unless the crew and passengers have been first placed in safety.

(2) Belligerent submarines are not under any circumstances exempt from the universal rules above stated; and if a submarine cannot capture a merchant vessel in conformity with these rules the existing law of nations requires it to desist from attack and from seizure and to permit the merchant vessel to proceed unmolested.

ARTICLE II

The Signatory Powers invite all other civilized Powers to express their assent to the foregoing statement of established law so that there may be a clear public understanding throughout the world of the standards of conduct by which the public opinion of the world is to pass judgment upon future belligerents.

ARTICLE III

The Signatory Powers, desiring to insure the enforcement of the humane rules of existing law declared by them with respect to attacks upon and the seizure and destruction of

merchant ships, further declare that any person in the service of any Power who shall violate any of those rules, whether or not such person is under orders of a governmental superior, shall be deemed to have violated the laws of war and shall be liable to trial and punishment as if for an act of piracy and may be brought to trial before the civil or military authorities of any Power within the jurisdiction of which he may be found.

ARTICLE IV

The Signatory Powers recognize the practical impossibility of using submarines as commerce destroyers without violating, as they were violated in the recent war of 1914-1918, the requirements universally accepted by civilized nations for the protection of the lives of neutrals and non-combatants, and to the end that the prohibition of the use of submarines as commerce destroyers shall be universally accepted as a part of the law of nations they now accept that prohibition as henceforth binding as between themselves and they invite all other nations to adhere thereto.

ARTICLE V

The use in war of asphyxiating, poisonous or other gases, and all analogous liquids, materials or devices, having been justly condemned by the general opinion of the civilized world and a prohibition of such use having been declared in treaties to which a majority of the civilized Powers are parties,

The Signatory Powers, to the end that this prohibition shall be universally accepted as a part of international law binding alike the conscience and practice of nations, declare their assent to such prohibition, agree to be bound thereby as between themselves and invite all other civilized nations to adhere thereto.

ARTICLE VI

The present Treaty shall be ratified as soon as possible in accordance with the constitutional methods of the Signa-

tory Powers and shall take effect on the deposit of all the ratifications, which shall take place at Washington.

The Government of the United States will transmit to all the Signatory Powers a certified copy of the procès-verbal of the deposit of ratifications.

The present Treaty, of which the French and English texts are both authentic, shall remain deposited in the archives of the Government of the United States and duly certified copies thereof will be transmitted by that Government to to each of the Signatory Powers.

ARTICLE VII

The Government of the United States will further transmit to each of the non-Signatory Powers a duly certified copy of the present Treaty and invite its adherence thereto.

Any non-Signatory Power may adhere to the present Treaty by communicating an Instrument of Adherence to the Government of the United States, which will thereupon transmit to each of the Signatory and Adhering Powers a certified copy of each Instrument of Adherence.

In faith whereof, the above-named Plenipotentiaries have signed the present Treaty.

Done at the City of Washington, the sixth day of February, one thousand nine hundred and twenty-two.

[L. s.] CHARLES EVANS HUGHES

[L. s.] HENRY CABOT LODGE

[L. s.] OSCAR W. UNDERWOOD

[L. s.] ELIHU ROOT

[L. s.] ARTHUR JAMES BALFOUR

[L. s.] LEE OF FAREHAM

[L. s.] A. C. GEDDES

R. L. BORDEN [L. s.]

G. F. PEARCE [L. s.]

JOHN W. SALMOND [L. s.]

ARTHUR JAMES BALFOUR [L. s.]

V. S. SRINIVASA SASTRI [L. s.]

	A. SARRAUT	[L. s.]
	JUSSERAND	[L. s.]
	CARLO SCHANZER	[L. s.]
[L. s.]	V. ROLANDI RICCI	
[L. s.]	LUIGI ALBERTINI	
[L. s.]	T. KATO	
[L. s.]	K. SHIDEHARA	
[L. s.]	M. HANIHARA	

III

A TREATY BETWEEN THE UNITED STATES OF
AMERICA, THE BRITISH EMPIRE, FRANCE
AND JAPAN, RELATING TO THEIR INSULAR
POSSESSIONS AND INSULAR DOMINIONS
IN THE PACIFIC OCEAN

(Reprinted from Senate Document No. 126.)

The United States of America, the British Empire, France
and Japan,

With a view to the preservation of the general peace and the
maintenance of their rights in relation to their insular posses-
sions and insular dominions in the region of the Pacific Ocean,

Have determined to conclude a Treaty to this effect and
have appointed as their Plenipotentiaries:

The President of the United States of America:

Charles Evans Hughes,

Henry Cabot Lodge,

Oscar W. Underwood and

Elihu Root, citizens of the United States;

His Majesty the King of the United Kingdom of Great
Britain and Ireland and of the British Dominions beyond
the Seas, Emperor of India:

The Right Honourable Arthur James Balfour, O. M.,
M. P., Lord President of His Privy Council;

The Right Honourable Baron Lee of Fareham, G. B. E.,
K. C. B., First Lord of His Admiralty;

The Right Honourable Sir Auckland Campbell Geddes,
K. C. B., His Ambassador Extraordinary and Plenipo-
tentiary to the United States of America;

and

for the Dominion of Canada:

The Right Honourable Robert Laird Borden, G. C.
M. G., K. C.;

for the Commonwealth of Australia:

The Honourable George Foster Pearce, Minister of Defence;

for the Dominion of New Zealand:

Sir John William Salmond, K. C., Judge of the Supreme Court of New Zealand;

for the Union of South Africa:

The Right Honourable Arthur James Balfour, O. M., M. P.;

for India:

The Right Honourable Valingman Sankaranarayana Srinivasa Sastri, Member of the Indian Council of State;

The President of the French Republic:

Mr. René Viviani, Deputy, Former President of the Council of Ministers;

Mr. Albert Sarraut, Deputy, Minister of the Colonies;

Mr. Jules J. Jusserand, Ambassador Extraordinary and Plenipotentiary to the United States of America, Grand Cross of the National Order of the Legion of Honour;

His Majesty the Emperor of Japan:

Baron Tomosaburo Kato, Minister for the Navy, Junii, a member of the First Class of the Imperial Order of the Grand Cordon of the Rising Sun with the Paulownia Flower;

Baron Kijuro Shidehara, His Ambassador Extraordinary and Plenipotentiary at Washington, Joshii, a member of the First Class of the Imperial Order of the Rising Sun;

Prince Iyesato Tokugawa, Junii, a member of the First Class of the Imperial Order of the Rising Sun;

Mr. Masanao Hanihara, Vice Minister for Foreign Affairs, Jushii, a member of the Second Class of the Imperial Order of the Rising Sun;

Who, having communicated their full powers, found in good and due form, have agreed as follows:

I

The High Contracting Parties agree as between themselves to respect their rights in relation to their insular possessions and insular dominions in the region of the Pacific Ocean.

If there should develop between any of the High Contracting Parties a controversy arising out of any Pacific question and involving their said rights which is not satisfactorily settled by diplomacy and is likely to affect the harmonious accord now happily subsisting between them, they shall invite the other High Contracting Parties to a joint conference to which the whole subject will be referred for consideration and adjustment.

II

If the said rights are threatened by the aggressive action of any other Power, the High Contracting Parties shall communicate with one another fully and frankly in order to arrive at an understanding as to the most efficient measures to be taken, jointly or separately, to meet the exigencies of the particular situation.

III

This Treaty shall remain in force for ten years from the time it shall take effect, and after the expiration of said period it shall continue to be in force subject to the right of any of the High Contracting Parties to terminate it upon twelve months' notice.

IV

This Treaty shall be ratified as soon as possible in accordance with the constitutional methods of the High Contracting Parties, and shall take effect on the deposit of ratifications, which shall take place at Washington, and thereupon the agreement between Great Britain and Japan, which was concluded at London on July 13, 1911, shall terminate.

The Government of the United States will transmit to all

the Signatory Powers a certified copy of the procès-verbal of the deposit of ratifications.

The present Treaty, in French and in English, shall remain deposited in the archives of the Government of the United States, and duly certified copies thereof will be transmitted by that Government to each of the Signatory Powers.

In faith whereof the above-named Plenipotentiaries have signed the present Treaty.

Done at the City of Washington, the thirteenth day of December, one thousand nine hundred and twenty-one.

CHARLES EVANS HUGHES [L. S.]

HENRY CABOT LODGE [L. S.]

OSCAR W. UNDERWOOD [L. S.]

ELIHU ROOT [L. S.]

A. M. JAMES BALFOUR [L. S.]

LEE OF FAREHAM [L. S.]

A. C. GEDDES [L. S.]

[L. S.] R. L. BORDEN

[L. S.] G. F. PEARCE

[L. S.] JOHN W. SALMOND

[L. S.] A. M. JAMES BALFOUR

[L. S.] V. S. SRINIVASA SASTRI

[L. S.] RENÉ VIVIANI

[L. S.] A. SARRAUT

[L. S.] JUSSE RAND

[L. S.] T. KATO

[L. S.] K. SHIDEHARA

[L. S.] TOKUGAWA IYESATO

[L. S.] M. HANIHARA

IV

A DECLARATION ACCOMPANYING THE FOUR-
POWER TREATY RELATING TO INSULAR
POSSESSIONS AND INSULAR DOMIN-
IONS IN THE PACIFIC

(Reprinted from Senate Document No. 126.)

In signing the Treaty this day between the United States of America, the British Empire, France and Japan, it is declared to be the understanding and intent of the Signatory Powers:

1. That the Treaty shall apply to the mandated islands in the Pacific Ocean; provided, however, that the making of the Treaty shall not be deemed to be an assent on the part of the United States of America to the mandates and shall not preclude agreements between the United States of America and the Mandatory Powers, respectively, in relation to the mandated islands.

2. That the controversies to which the second paragraph of Article I refers shall not be taken to embrace questions which according to principles of international law lie exclusively within the domestic jurisdiction of the respective Powers.

Washington, D. C., December 13, 1921.

CHARLES EVANS HUGHES

HENRY CABOT LODGE

OSCAR W. UNDERWOOD

ELIHU ROOT

A. M. JAMES BALFOUR

LEE OF FAREHAM

A. C. GEDDES

R. L. BORDEN

G. F. PEARCE

JOHN W. SALMOND
A. M. JAMES BALFOUR
V. S. SRINIVASA SASTRI
RENÉ VIVIANI
A. SARRAUT
JUSSERAND
T. KATO
K. SHIDEHARA
TOKUGAWA IYESATO
M. HANIHARA

V

A TREATY SUPPLEMENTARY TO THE FOUR-POWER
TREATY RELATING TO INSULAR POSSESSIONS
AND INSULAR DOMINIONS IN THE PACIFIC

(Reprinted from Senate Document No. 126.)

The United States of America, the British Empire, France and Japan have, through their respective Plenipotentiaries, agreed upon the following stipulations supplementary to the quadruple Treaty signed at Washington on December 13, 1921:

The term "insular possessions and insular dominions" used in the aforesaid Treaty shall, in its application to Japan, include only Karafuto (or the southern portion of the island of Sakhalin), Formosa and the Pescadores, and the islands under the mandate of Japan.

The present Agreement shall have the same force and effect as the said Treaty to which it is supplementary.

The provisions of Article IV of the aforesaid Treaty of December 13, 1921, relating to ratification, shall be applicable to the present Agreement, which, in French and English, shall remain deposited in the archives of the Government of the United States, and duly certified copies thereof shall be transmitted by that Government to each of the other Contracting Powers.

In faith whereof the respective Plenipotentiaries have signed the present Agreement.

Done at the City of Washington, the sixth day of February, one thousand nine hundred and twenty-two.

CHARLES EVANS HUGHES	[L. s.]
HENRY CABOT LODGE	[L. s.]
OSCAR W. UNDERWOOD	[L. s.]

[L. s.]	ELIHU ROOT	
[L. s.]	ARTHUR JAMES BALFOUR	
[L. s.]	LEE OF FAREHAM	
[L. s.]	A. C. GEDDES	
[L. s.]	R. L. BORDEN	
[L. s.]	G. F. PEARCE	
[L. s.]	JOHN W. SALMOND	
[L. s.]	ARTHUR JAMES BALFOUR	
[L. s.]	V. S. SRINIVASA SASTRI	
	A. SARRAUT	[L. s.]
	JUSSERAND	[L. s.]
	T. KATO	[L. s.]
	K. SHIDEHARA	[L. s.]
	M. HANIHARA	[L. s.]

VI

A TREATY BETWEEN THE UNITED STATES OF
AMERICA, BELGIUM, THE BRITISH EMPIRE,
CHINA, FRANCE, ITALY, JAPAN,
THE NETHERLANDS AND PORTUGAL, RELATING
TO PRINCIPLES AND POLICIES TO BE FOLLOWED
IN MATTERS CONCERNING CHINA

(Reprinted from Senate Document No. 126.)

The United States of America, Belgium, the British Empire, China, France, Italy, Japan, the Netherlands and Portugal:

Desiring to adopt a policy designed to stabilize conditions in the Far East, to safeguard the rights and interests of China, and to promote intercourse between China and the other Powers upon the basis of equality of opportunity;

Have resolved to conclude a treaty for that purpose and to that end have appointed as their respective Plenipotentiaries;

The President of the United States of America:

Charles Evans Hughes,

Henry Cabot Lodge,

Oscar W. Underwood,

Elihu Root, citizens of the United States.

His Majesty, the King of the Belgians:

Baron de Cartier de Marchienne, Commander of the Order of Leopold and of the Order of the Crown, His Ambassador Extraordinary and Plenipotentiary at Washington;

His Majesty the King of the United Kingdom of Great Britain and Ireland and of the British Dominions beyond the Seas, Emperor of India:

The Right Honourable Arthur James Balfour, O. M.,
M. P., Lord President of His Privy Council;

The Right Honourable Baron Lee of Fareham, G. B. E.,
K. C. B., First Lord of His Admiralty;

The Right Honourable Sir Auckland Campbell Geddes,
K. C. B., His Ambassador Extraordinary and Plenipotentiary to the United States of America;

and

for the Dominion of Canada:

The Right Honourable Sir Robert Laird Borden, G. C.
M. G., K. C.;

for the Commonwealth of Australia:

Senator, the Right Honourable George Foster Pearce,
Minister for Home and Territories;

for the Dominion of New Zealand:

The Honourable Sir John William Salmond, K. C.,
Judge of the Supreme Court of New Zealand;

for the Union of South Africa:

The Right Honourable Arthur James Balfour, O. M.,
M. P.;

for India:

The Right Honourable Valingman Sankaranarayana
Srinivasa Sastri, Member of the Indian Council of
State;

The President of the Republic of China:

Mr. Sao-Ke Alfred Sze, Envoy Extraordinary and Minister Plenipotentiary at Washington;

Mr. V. K. Wellington Koo, Envoy Extraordinary and Minister Plenipotentiary at London;

Mr. Chung-Hui Wang, former Minister of Justice;

The President of the French Republic:

Mr. Albert Sarraut, Deputy, Minister of the Colonies;

Mr. Jules J. Jusserand, Ambassador Extraordinary and Plenipotentiary to the United States of America, Grand Cross of the National Order of the Legion of Honour;

His Majesty the King of Italy:

The Honourable Carlo Schanzer, Senator of the Kingdom;

The Honourable Vittorio Rolandi Ricci, Senator of the Kingdom, His Ambassador Extraordinary and Plenipotentiary at Washington;

The Honourable Luigi Albertini, Senator of the Kingdom;

His Majesty the Emperor of Japan:

Baron Tomosaburo Kato, Minister for the Navy, Junii, a member of the First Class of the Imperial Order of the Grand Cordon of the Rising Sun with the Paulownia Flower;

Baron Kijuro Shidehara, His Ambassador Extraordinary and Plenipotentiary at Washington, Joshii, a member of the First Class of the Imperial Order of the Rising Sun;

Mr. Masanao Hanihara, Vice Minister for Foreign Affairs, Jushii, a member of the Second Class of the Imperial Order of the Rising Sun;

Her Majesty the Queen of The Netherlands:

Jonkheer Frans Beelaerts van Blokland, Her Envoy Extraordinary and Minister Plenipotentiary;

Jonkheer Willem Hendrik de Beaufort, Minister Plenipotentiary, Chargé d'Affaires at Washington;

The President of the Portuguese Republic:

Mr. José Francisco de Horta Machado da Franca, Viscount d'Alte, Envoy Extraordinary and Minister Plenipotentiary at Washington;

Mr. Ernesto Julio de Carvalho e Vasconcellos, Captain of the Portuguese Navy, Technical Director of the Colonial Office;

Who, having communicated to each other their full powers, found to be in good and due form, have agreed as follows:

ARTICLE I

The Contracting Powers, other than China, agree:

(1) To respect the sovereignty, the independence, and the territorial and administrative integrity of China;

(2) To provide the fullest and most unembarrassed oppor-

tunity to China to develop and maintain for herself an effective and stable government;

(3) To use their influence for the purpose of effectually establishing and maintaining the principle of equal opportunity for the commerce and industry of all nations throughout the territory of China;

(4) To refrain from taking advantage of conditions in China in order to seek special rights or privileges which would abridge the rights of subjects or citizens of friendly States, and from countenancing action inimical to the security of such States.

ARTICLE II

The Contracting Powers agree not to enter into any treaty, agreement, arrangement, or understanding, either with one another, or, individually or collectively, with any Power or Powers, which would infringe or impair the principles stated in Article I.

ARTICLE III

With a view to applying more effectually the principles of the Open Door or equality of opportunity in China for the trade and industry of all nations, the Contracting Powers, other than China, agree they will not seek, nor support their respective nationals in seeking:

(a) Any arrangement which might purport to establish in favor of their interests any general superiority of rights with respect to commercial or economic development in any designated region of China;

(b) Any such monopoly or preference as would deprive the nationals of any other Power of the right of undertaking any legitimate trade or industry in China, or of participating with the Chinese Government, or with any local authority, in any category of public enterprise, or which by reason of its scope, duration or geographical extent is calculated to frustrate the practical application of the principle of equal opportunity.

It is understood that the foregoing stipulations of this

Article are not to be so construed as to prohibit the acquisition of such properties or rights as may be necessary to the conduct of a particular commercial, industrial, or financial undertaking or to the encouragement of invention and research.

China undertakes to be guided by the principles stated in the foregoing stipulations of this Article in dealing with applications for economic rights and privileges from Governments and nationals of all foreign countries, whether parties to the present Treaty or not.

ARTICLE IV

The Contracting Powers agree not to support any agreements by their respective nationals with each other designed to create Spheres of Influence or to provide for the enjoyment of mutually exclusive opportunities in designated parts of Chinese territory.

ARTICLE V

China agrees that, throughout the whole of the railways in China, she will not exercise or permit unfair discrimination of any kind. In particular there shall be no discrimination whatever, direct or indirect, in respect of charges or of facilities on the ground of the nationality of passengers or the countries from which or to which they are proceeding, or the origin or ownership of goods or the country from which or to which they are consigned, or the nationality or ownership of the ship or other means of conveying such passengers or goods before or after their transport on the Chinese railways.

The Contracting Powers, other than China, assume a corresponding obligation in respect of any of the aforesaid railways over which they or their nationals are in a position to exercise any control in virtue of any concession, special agreement or otherwise.

ARTICLE VI

The Contracting Powers, other than China, agree fully to respect China's rights as a neutral in time of war to which China is not a party; and China declares that when she is a neutral she will observe the obligations of neutrality.

ARTICLE VII

The Contracting Powers agree that, whenever a situation arises which in the opinion of any one of them involves the application of the stipulations of the present Treaty, and renders desirable discussion of such application, there shall be full and frank communication between the Contracting Powers concerned.

ARTICLE VIII

Powers not signatory to the present Treaty, which have Governments recognized by the Signatory Powers and which have treaty relations with China, shall be invited to adhere to the present Treaty. To this end the Government of the United States will make the necessary communications to non-Signatory Powers and will inform the Contracting Powers of the replies received. Adherence by any Power shall become effective on receipt of notice thereof by the Government of the United States.

ARTICLE IX

The present Treaty shall be ratified by the Contracting Powers in accordance with their respective constitutional methods and shall take effect on the date of the deposit of all the ratifications, which shall take place at Washington as soon as possible. The Government of the United States will transmit to the other Contracting Powers a certified copy of the procès-verbal of the deposit or ratifications.

The present Treaty, of which the English and French texts are both authentic, shall remain deposited in the archives of the Government of the United States, and duly certified copies thereof shall be transmitted by that Government to the other Contracting Powers.

In faith whereof the above-named Plenipotentiaries have signed the present Treaty.

Done at the City of Washington, the sixth day of February, one thousand nine hundred and twenty-two.

CHARLES EVANS HUGHES	[L. s.]
HENRY CABOT LODGE	[L. s.]
OSCAR W. UNDERWOOD	[L. s.]
ELIHU ROOT	[L. s.]
BARON DE CARTIER DE MARCHIENNE	[L. s.]
ARTHUR JAMES BALFOUR	[L. s.]
LEE OF FAREHAM	[L. s.]
A. C. GEDDES	[L. s.]
R. L. BORDEN	[L. s.]
G. F. PEARCE	[L. s.]
JOHN W. SALMOND	[L. s.]
ARTHUR JAMES BALFOUR	[L. s.]
V. S. SRINIVASA SASTRI	[L. s.]
[L. s.] SAO-KE ALFRED SZE.	
[L. s.] V. K. WELLINGTON KOO	
[L. s.] CHUNG-HUI WANG	
[L. s.] A. SARRAUT	
[L. s.] JUSSE RAND	
[L. s.] CARLO SCHANZER	
[L. s.] V. ROLANDI RICCI	
[L. s.] LUIGI ALBERTINI	
T. KATO	[L. s.]
K. SHIDEHARA	[L. s.]
M. HANIHARA	[L. s.]
BEELAERTS VAN BLOKLAND	[L. s.]
W. DE BEAUFORT	[L. s.]
ALTE	[L. s.]
ERNESTO DE VASCONCELLOS	[L. s.]

VII

A TREATY BETWEEN THE UNITED STATES OF
AMERICA, BELGIUM, THE BRITISH EMPIRE,
CHINA, FRANCE, ITALY, JAPAN, THE
NETHERLANDS AND PORTUGAL,
RELATING TO CHINESE
CUSTOMS TARIFF

(Reprinted from Senate Document No. 126.)

The United States of America, Belgium, the British Empire, China, France, Italy, Japan, The Netherlands and Portugal:

With a view to increasing the revenues of the Chinese Government, have resolved to conclude a Treaty relating to the revision of the Chinese customs tariff and cognate matters, and to that end have appointed as their Plenipotentiaries:

The President of the United States of America:

Charles Evans Hughes,

Henry Cabot Lodge,

Oscar W. Underwood,

Elihu Root,

citizens of the United States;

His Majesty the King of the Belgians:

Baron de Cartier de Marchienne, Commander of the Order of Leopold and of the Order of the Crown, His Ambassador Extraordinary and Plenipotentiary at Washington;

His Majesty the King of the United Kingdom of Great Britain and Ireland and of the British Dominions beyond the Seas, Emperor of India:

The Right Honourable Arthur James Balfour, O. M.,
M. P., Lord President of His Privy Council;

The Right Honourable Baron Lee of Fareham, G. B. E.,
K. C. B., First Lord of His Admiralty;

The Right Honourable Sir Auckland Campbell Geddes,
K. C. B., His Ambassador Extraordinary and Plenipo-
tentiary to the United States of America;

and

for the Dominion of Canada:

The Right Honourable Sir Robert Laird Borden, G. C.
M. G., K. C.;

for the Commonwealth of Australia:

Senator, the Right Honourable George Foster Pearce,
Minister for Home and Territories;

for the Dominion of New Zealand:

The Honourable Sir John William Salmond, K. C., Judge
of the Supreme Court of New Zealand;

for the Union of South Africa:

The Right Honourable Arthur James Balfour, O. M.,
M. P.;

for India:

The Right Honourable Valingman Sankaranarayana
Srinivasa Sastri, Member of the Indian Council of
State;

The President of the Republic of China:

Mr. Sao-Ke Alfred Sze, Envoy Extraordinary and Min-
ister Plenipotentiary at Washington;

Mr. V. K. Wellington Koo, Envoy Extraordinary and
Minister Plenipotentiary at London;

Mr. Chung-Hui Wang, former Minister of Justice;

The President of the French Republic:

Mr. Albert Sarraut, Deputy, Minister of the Colonies;

Mr. Jules J. Jusserand, Ambassador Extraordinary and
Plenipotentiary to the United States of America,
Grand Cross of the National Order of the Legion of
Honour;

His Majesty the King of Italy:

The Honourable Carlo Schanzer, Senator of the King-
dom;

The Honourable Vittorio Rolandi Ricci, Senator of the Kingdom, His Ambassador Extraordinary and Plenipotentiary at Washington;

The Honourable Luigi Albertini, Senator of the Kingdom:

His Majesty the Emperor of Japan:

Baron Tomosaburo Kato, Minister for the Navy, Junii, a member of the First Class of the Imperial Order of the Grand Cordon of the Rising Sun with the Paulownia Flower;

Baron Kijuro Shidehara, His Ambassador Extraordinary and Plenipotentiary at Washington, Joshii, a member of the First Class of the Imperial Order of the Rising Sun;

Mr. Masanao Hanihara, Vice Minister for Foreign Affairs, Jushii, a member of the Second Class of the Imperial Order of the Rising Sun;

Her Majesty the Queen of The Netherlands:

Jonkheer Frans Beelaerts van Blokland, Her Envoy Extraordinary and Minister Plenipotentiary;

Jonkheer Willem Hendrik de Beaufort, Minister Plenipotentiary, Chargé d'Affaires at Washington;

The President of the Portuguese Republic:

Mr. José Francisco de Horta Machado da Franca, Viscount d'Alte, Envoy Extraordinary and Minister Plenipotentiary at Washington;

Mr. Ernesto Julio de Carvalho e Vasconcellos, Captain of the Portuguese Navy, Technical Director of the Colonial Office;

Who, having communicated to each other their full powers, found to be in good and due form, have agreed as follows:

ARTICLE I

The representatives of the Contracting Powers having adopted on the fourth day of February, 1922, in the City of Washington, a Resolution, which is appended as an Annex to this Article, with respect to the revision of Chinese customs

duties, for the purpose of making such duties equivalent to an effective 5 per cent. *ad valorem*, in accordance with existing treaties concluded by China with other nations, the Contracting Powers hereby confirm the said Resolution and undertake to accept the tariff rates fixed as a result of such revision. The said tariff rates shall become effective as soon as possible but not earlier than two months after publication thereof.

Annex

With a view to providing additional revenue to meet the needs of the Chinese Government, the Powers represented at this Conference, namely, the United States of America, Belgium, the British Empire, China, France, Italy, Japan, The Netherlands and Portugal agree:

That the customs schedule of duties on imports into China adopted by the Tariff Revision Commission at Shanghai on December 19, 1918, shall forthwith be revised so that rates of duty shall be equivalent to 5 per cent. effective, as provided for in the several commercial treaties to which China is a part.

A Revision Commission shall meet at Shanghai, at the earliest practicable date, to effect this revision forthwith and on the general lines of the last revision.

This Commission shall be composed of representatives of the Powers above named and of representatives of any additional Powers having Governments at present recognized by the Powers represented at this Conference and who have treaties with China providing for a tariff on imports and exports not to exceed 5 per cent. *ad valorem* and who desire to participate therein.

The revision shall proceed as rapidly as possible with a view to its completion within four months from the date of the adoption of this Resolution by the Conference on the Limitation of Armament and Pacific and Far Eastern Questions.

The revised tariff shall become effective as soon as possible but not earlier than two months after its publication by the Revision Commission.

The Government of the United States, as convener of the

present Conference, is requested forthwith to communicate the terms of this Resolution to the Governments of Powers not represented at this Conference, but who participated in the Revision of 1918, aforesaid.

ARTICLE II

Immediate steps shall be taken, through a Special Conference, to prepare the way for the speedy abolition of likin and for the fulfillment of the other conditions laid down in Article VIII of the Treaty of September 5, 1902, between Great Britain and China, in Articles IV and V of the Treaty of October 8, 1903, between the United States and China, and in Article I of the Supplementary Treaty of October 8, 1903, between Japan and China, with a view to levying the surtaxes provided for in those articles.

The Special Conference shall be composed of representatives of the Signatory Powers, and of such other Powers as may desire to participate and may adhere to the present Treaty, in accord with the provisions of Article VIII, in sufficient time to allow their representatives to take part. It shall meet in China within three months after the coming into force of the present Treaty, on a day and at a place to be designated by the Chinese Government.

ARTICLE III

The Special Conference provided for in Article II shall consider the interim provisions to be applied prior to the abolition of likin and the fulfillment of the other conditions laid down in the articles of the treaties mentioned in Article II; and it shall authorize the levying of a surtax on dutiable imports as from such date, for such purposes, and subject to such conditions as it may determine.

The surtax shall be at a uniform rate of $2\frac{1}{2}$ per cent. *ad valorem*, provided, that in case of certain articles of luxury which, in the opinion of the Special Conference, can bear a greater increase without unduly impeding trade, the total surtax may be increased, but may not exceed 5 per cent *ad valorem*.

ARTICLE IV

Following the immediate revision of the customs schedule of duties on imports into China, mentioned in Article I, there shall be a further revision thereof to take effect at the expiration of four years following the completion of the afore-said immediate revision, in order to insure that the customs duties shall correspond to the *ad valorem* rates fixed by the Special Conference provided for in Article II.

Following this further revision there shall be, for the same purpose, periodical revisions of the customs schedule of duties on imports into China every seven years, in lieu of the decennial revision authorized by existing treaties with China.

In order to prevent delay, any revision made in pursuance of this Article shall be effected in accord with rules to be prescribed by the Special Conference provided for in Article II.

ARTICLE V

In all matters relating to customs duties there shall be effective equality of treatment and opportunity for all the Contracting Powers.

ARTICLE VI

The principle of uniformity in the rates of customs duties levied at all the land and maritime frontiers of China is hereby recognized. The Special Conference provided for in Article II shall make arrangements to give practical effect to this principle, and it is authorized to make equitable adjustments in those cases in which a customs privilege to be abolished was granted in return for some local economic advantage.

In the meantime, any increase in the rates of customs duties resulting from tariff revision, or any surtax hereafter imposed in pursuance of the present Treaty, shall be levied at a uniform rate *ad valorem* at all land and maritime frontiers of China.

ARTICLE VII

The charge for transit passes shall be at the rate of 2½ per cent. *ad valorem* until the arrangements provided for by Article II come into force.

ARTICLE VIII

Powers not signatory to the present Treaty, whose Governments are at present recognized by the Signatory Powers, and whose present treaties with China provide for a tariff on imports and exports not to exceed 5 per cent. *ad valorem*, shall be invited to adhere to the present Treaty.

The Government of the United States undertakes to make the necessary communications for this purpose and to inform the Governments of the Contracting Powers of the replies received. Adherence by any Power shall become effective on receipt of notice thereof by the Government of the United States.

ARTICLE IX

The provisions of the present Treaty shall override all stipulations of treaties between China and the respective Contracting Powers which are inconsistent therewith, other than stipulations according most favored nation treatment.

ARTICLE X

The present Treaty shall be ratified by the Contracting Powers in accordance with their respective constitutional methods and shall take effect on the date of the deposit of all the ratifications, which shall take place at Washington as soon as possible. The Government of the United States will transmit to the other Contracting Powers a certified copy of the *procès verbal* of the deposit of ratifications.

The present Treaty, of which the English and French texts are both authentic, shall remain deposited in the archives of the Government of the United States, and duly certified copies thereof shall be transmitted by that Government to the other Contracting Powers.

In faith whereof the above-named Plenipotentiaries have signed the present Treaty.

Done at the City of Washington, the sixth day of February, one thousand nine hundred and twenty-two.

VIII
RESOLUTIONS ACCOMPANYING THE TREATIES
SIGNED AT THE WASHINGTON
CONFERENCE

(Reprinted from Senate Document No. 126.)

1

RESOLUTION FOR A COMMISSION OF JURISTS TO CONSIDER
AMENDMENT OF LAWS OF WAR

The United States of America, the British Empire, France, Italy and Japan have agreed:

- I. That a Commission composed of not more than two members representing each of the above-mentioned Powers shall be constituted to consider the following questions:
 - (a) Do existing rules of International Law adequately cover new methods of attack or defense resulting from the introduction or development, since the Hague Conference of 1907, of new agencies of warfare?
 - (b) If not so, what changes in the existing rules ought to be adopted in consequence thereof as a part of the law of nations?
- II. That notices of appointment of the members of the Commission shall be transmitted to the Government of the United States of America within three months after the adjournment of the present Conference, which after consultation with the Powers concerned will fix the day and place for the meeting of the Commission.
- III. That the Commission shall be at liberty to request assistance and advice from experts in International Law and in land, naval and aerial warfare.

IV. That the Commission shall report its conclusions to each of the Powers represented in its membership.

Those Powers shall thereupon confer as to the acceptance of the report and the course to be followed to secure the consideration of its recommendations by the other civilized Powers.

Adopted by the Conference on the Limitation of Armament at the Sixth Plenary Session, February 4, 1922.

2

RESOLUTION LIMITING JURISDICTION OF COMMISSION OF JURISTS PROVIDED IN RESOLUTION NO. I

Resolved, That it is not the intention of the Powers agreeing to the appointment of a Commission to consider and report upon the rules of International Law respecting new agencies of warfare that the Commission shall review or report upon the rules or declarations relating to submarines or the use of noxious gases and chemicals already adopted by the Powers in this Conference.

Adopted by the Conference on the Limitation of Armament at the Sixth Plenary Session, February 4, 1922.

3

RESOLUTION REGARDING A BOARD OF REFERENCE FOR FAR EASTERN QUESTIONS

The representatives of the Powers assembled at the present Conference at Washington, to wit:

The United States of America, Belgium, the British Empire, China, France, Italy, Japan, the Netherlands and Portugal;

Desiring to provide a procedure for dealing with questions that may arise in connection with the execution of the provisions of Articles III and V of the Treaty to be signed at Washington on February 6, 1922, with reference to their general policy designed to stabilize conditions in the Far East, to safeguard the rights and interests of China, and to promote

intercourse between China and the other Powers upon the basis of equality of opportunity;

Resolve, That there shall be established in China a Board of Reference to which any questions arising in connection with the execution of the aforesaid Articles may be referred for investigation and report.

The Special Conference provided for in Article II of the Treaty to be signed at Washington on February 6, 1922, with reference to the Chinese Customs Tariff, shall formulate for the approval of the Powers concerned a detailed plan for the constitution of the Board.

Adopted by the Conference on the Limitation of Armament at the Sixth Plenary Session, February 4, 1922.

4

RESOLUTION REGARDING EXTRATERRITORIALITY IN CHINA

The representatives of the Powers hereinafter named, participating in the discussion of Pacific and Far Eastern questions in the Conference on the Limitation of Armament, to wit: the United States of America, Belgium, the British Empire, France, Italy, Japan, the Netherlands and Portugal;

Having taken note of the fact that in the Treaty between Great Britain and China dated September 5, 1902, in the Treaty between the United States of America and China dated October 8, 1903, and in the Treaty between Japan and China dated October 8, 1903, these several Powers have agreed to give every assistance towards the attainment by the Chinese Government of its expressed desire to reform its judicial system and to bring it into accord with that of Western nations, and have declared that they are also "prepared to relinquish extraterritorial rights when satisfied that the state of the Chinese laws, the arrangements for their administration, and other considerations warrant" them in so doing;

Being sympathetically disposed towards furthering in this regard the aspiration to which the Chinese delegation gave

expression on November 16, 1921, to the effect that "immediately, or as soon as circumstances will permit, existing limitations upon China's political, jurisdictional and administrative freedom of action are to be removed";

Considering that any determination in regard to such action as might be appropriate to this end must depend upon the ascertainment and appreciation of complicated states of fact in regard to the laws and the judicial system and the methods of judicial administration of China, which this Conference is not in a position to determine;

Have resolved:

That the Governments of the Powers above named shall establish a Commission (to which each of such Governments shall appoint one member) to inquire into the present practice of extraterritorial jurisdiction in China, and into the laws and the judicial system and the methods of judicial administration of China, with a view to reporting to the Governments of the several Powers above named their findings of fact in regard to these matters, and their recommendations as to such means as they may find suitable to improve the existing conditions of the administration of justice in China, and to assist and further the efforts of the Chinese Government to effect such legislation and judicial reforms as would warrant the several Powers in relinquishing, either progressively or otherwise, their respective rights of extraterritoriality;

That the Commission herein contemplated shall be constituted within three months after the adjournment of the Conference in accordance with detailed arrangements to be hereafter agreed upon by the Governments of the Powers above named, and shall be instructed to submit its report and recommendations within one year after the first meeting of the Commission;

That each of the Powers above named shall be deemed free to accept or to reject all or any portion of the recommendations of the Commission herein contemplated, but that in no case shall any of the said Powers make its acceptance of

all or any portion of such recommendations either directly or indirectly dependent on the granting by China of any special concession, favor, benefit or immunity, whether political or economic.

ADDITIONAL RESOLUTION

That the non-Signatory Powers, having by treaty extra-territorial rights in China; may accede to the resolution affecting extraterritoriality and the administration of justice in China by depositing within three months after the adjournment of the Conference a written notice of accession with the Government of the United States for communication by it to each of the Signatory Powers.

ADDITIONAL RESOLUTION

That China, having taken note of the resolutions affecting the establishment of a Commission to investigate and report upon extraterritoriality and the administration of justice in China, expresses its satisfaction with the sympathetic disposition of the Powers hereinbefore named in regard to the aspiration of the Chinese Government to secure the abolition of extraterritoriality in China, and declares its intention to appoint a representative who shall have the right to sit as a member of the said Commission, it being understood that China shall be deemed free to accept or to reject any or all of the recommendations of the Commission. Furthermore, China is prepared to cooperate in the work of this Commission and to afford to it every possible facility for the successful accomplishment of its tasks.

Adopted by the Conference on the Limitation of Armament at the Fourth Plenary Session, December 10, 1921.

5

RESOLUTION REGARDING FOREIGN POSTAL AGENCIES IN CHINA

A. Recognizing the justice of the desire expressed by the Chinese Government to secure the abolition of foreign postal

agencies in China, save or except in leased territories or as otherwise specifically provided by treaty, it is resolved:

- (1) The four Powers having such postal agencies agree to their abandonment subject to the following conditions:
 - (a) That an efficient Chinese postal service is maintained;
 - (b) That an assurance is given by the Chinese Government that they contemplate no change in the present postal administration so far as the status of the foreign Co-Director General is concerned.
- (2) To enable China and the Powers concerned to make the necessary dispositions, this arrangement shall come into force and effect not later than January 1, 1923.

B. Pending the complete withdrawal of foreign postal agencies, the four Powers concerned severally undertake to afford full facilities to the Chinese customs authorities to examine in those agencies all postal matter (excepting ordinary letters, whether registered or not, which upon external examination appear plainly to contain only written matter) passing through them, with a view to ascertaining whether they contain articles which are dutiable or contraband or which otherwise contravene the customs regulations or laws of China.

Adopted by the Conference on the Limitation of Armament at the Fifth Plenary Session, February 1, 1922.

6

RESOLUTION REGARDING ARMED FORCES IN CHINA

Whereas

The Powers have from time to time stationed armed forces, including police and railway guards, in China to protect the lives and property of foreigners lawfully in China;

And whereas

It appears that certain of these armed forces are maintained in China without the authority of any treaty or agreement;

And whereas

The Powers have declared their intention to withdraw their armed forces now on duty in China without the authority of any treaty or agreement, whenever China shall assure the protection of the lives and property of foreigners in China;
And whereas

China has declared her intention and capacity to assure the protection of the lives and property of foreigners in China;
Now

To the end that there may be clear understanding of the conditions upon which in each case the practical execution of those intentions must depend;

It is resolved:

That the diplomatic representatives in Peking of the Powers now in Conference at Washington, to wit: the United States of America, Belgium, the British Empire, France, Italy, Japan, The Netherlands and Portugal, will be instructed by their respective Governments, whenever China shall so request, to associate themselves with three representatives of the Chinese Government to conduct collectively a full and impartial inquiry into the issues raised by the foregoing declarations of intention made by the Powers and by China and shall thereafter prepare a full and comprehensive report setting out without reservation their findings of fact and their opinion with regard to the matter hereby referred for inquiry, and shall furnish a copy of their report to each of the nine Governments concerned which shall severally make public the report with such comment as each may deem appropriate. The representatives of any of the Powers may make or join in minority reports stating their differences, if any, from the majority report.

That each of the Powers above named shall be deemed free to accept or reject all or any of the findings of fact or opinions expressed in the report but that in no case shall any of the said Powers make its acceptance of all or any of the findings of fact or opinions either directly or indirectly dependent on the granting by China of any special concession, favor, benefit or immunity, whether political or economic.

Adopted by the Conference on the Limitation of Armament at the Fifth Plenary Session, February 1, 1922.

7

RESOLUTION REGARDING RADIO STATIONS IN CHINA AND
ACCOMPANYING DECLARATIONS

The representatives of the Powers hereinafter named participating in the discussion of Pacific and Far Eastern questions in the Conference on the Limitation of Armament, to wit: the United States of America, Belgium, the British Empire, China, France, Italy, Japan, The Netherlands and Portugal,

Have resolved:

1. That all radio stations in China whether maintained under the provisions of the international protocol of September 7, 1901, or in fact maintained in the grounds of any of the foreign legations in China, shall be limited in their use to sending and receiving government messages and shall not receive or send commercial or personal or unofficial messages, including press matter: Provided, however, that in case all other telegraphic communication is interrupted, then, upon official notification accompanied by proof of such interruption to the Chinese Ministry of Communications, such stations may afford temporary facilities for commercial, personal or unofficial messages, including press matter, until the Chinese Government has given notice of the termination of the interruption;
2. All radio stations operated within the territory of China by a foreign government or the citizens or subjects thereof under treaties or concessions of the Government of China, shall limit the messages sent and received by the terms of the treaties or concessions under which the respective stations are maintained;
3. In case there be any radio station maintained in the territory of China by a foreign government or citizens or subjects thereof without the authority of the Chinese Govern-

ment, such station and all the plant, apparatus and material thereof shall be transferred to and taken over by the Government of China, to be operated under the direction of the Chinese Ministry of Communications upon fair and full compensation to the owners for the value of the installation, as soon as the Chinese Ministry of Communications is prepared to operate the same effectively for the general public benefit;

4. If any questions shall arise as to the radio stations in leased territories, in the South Manchurian Railway Zone or in the French Concession at Shanghai, they shall be regarded as matters for discussion between the Chinese Government and the Governments concerned.

5. The owners or managers of all radio stations maintained in the territory of China by foreign powers or citizens or subjects thereof shall confer with the Chinese Ministry of Communications for the purpose of seeking a common arrangement to avoid interference in the use of wave lengths by wireless stations in China, subject to such general arrangements as may be made by an international conference convened for the revision of the rules established by the International Radio Telegraph Convention signed at London, July 5, 1912.

Adopted by the Conference on the Limitation of Armament at the Fifth Plenary Session, February 1, 1922.

DECLARATION CONCERNING THE RESOLUTION ON RADIO STATIONS IN CHINA OF DECEMBER 7, 1921

The Powers other than China declare that nothing in Paragraphs 3 or 4 of the Resolutions of December 7, 1921, is to be deemed to be an expression of opinion by the Conference as to whether the stations referred to therein are or are not authorized by China.

They further give notice that the result of any discussion arising under Paragraph 4 must, if it is not to be subject to objection by them, conform with the principles of the Open Door or equality of opportunity approved by the Conference.

CHINESE DECLARATION CONCERNING RESOLUTION OF
DECEMBER 7 REGARDING RADIO STATIONS IN CHINA

The Chinese Delegation takes this occasion formally to declare that the Chinese Government does not recognize or concede the right of any foreign power or of the nationals thereof to install or operate, without its express consent, radio stations in legation grounds, settlements, concessions, leased territories, railway areas or other similar areas.

8

RESOLUTION REGARDING UNIFICATION OF RAILWAYS
IN CHINA AND ACCOMPANYING DECLARATION BY CHINA

The Powers represented in this Conference record their hope that to the utmost degree consistent with legitimate existing rights, the future development of railways in China shall be so conducted as to enable the Chinese Government to effect the unification of railways into a railway system under Chinese control, with such foreign financial and technical assistance as may prove necessary in the interests of that system.

Adopted by the Conference on the Limitation of Armament at the Fifth Plenary Session, February 1, 1922.

STATEMENT REGARDING CHINESE RAILWAYS MADE ON JANUARY
19, 1922, BY THE CHINESE DELEGATION

The Chinese Delegation notes with sympathetic appreciation the expression of the hope of the Powers that the existing and future railways of China may be unified under the control and operation of the Chinese Government with such foreign financial and technical assistance as may be needed. It is our intention as speedily as possible to bring about this result. It is our purpose to develop existing and future railways in accordance with a general programme that will meet the economic, industrial and commercial requirements of China. It will be our policy to obtain such foreign financial and technical assistance as may be needed from the Powers in accord-

ance with the principles of the Open Door or equal opportunity; and the friendly support of these Powers will be asked for the effort of the Chinese Government to bring all the railways of China, now existing or to be built, under its effective and unified control and operation.

9

RESOLUTION REGARDING THE REDUCTION OF CHINESE MILITARY FORCES

Whereas the Powers attending this Conference have been deeply impressed with the severe drain on the public revenue of China through the maintenance, in various parts of the country, of military forces, excessive in number and controlled by the military chiefs of the provinces without coordination;

And whereas the continued maintenance of these forces appears to be mainly responsible for China's present unsettled political conditions;

And whereas it is felt that large and prompt reductions of these forces will not only advance the cause of China's political unity and economic development but will hasten her financial rehabilitation;

Therefore, without any intention to interfere in the internal problems of China, but animated by the sincere desire to see China develop and maintain for herself an effective and stable government alike in her own interest and in the general interest of trade;

And being inspired by the spirit of this Conference whose aim is to reduce, through the limitation of armament, the enormous disbursements which manifestly constitute the greater part of the encumbrance upon enterprise and national prosperity;

It is resolved: That this Conference express to China the earnest hope that immediate and effective steps may be taken by the Chinese Government to reduce the aforesaid military forces and expenditures.

Adopted by the Conference on the Limitation of Armament at the Fifth Plenary Session, February 1, 1922.

RESOLUTION REGARDING EXISTING COMMITMENTS OF CHINA
OR WITH RESPECT TO CHINA

The Powers represented in this Conference, considering it desirable that there should hereafter be full publicity with respect to all matters affecting the political and other international obligations of China and of the several Powers in relation to China, are agreed as follows:

I. The several Powers other than China will at their earliest convenience file with the Secretariat General of the Conference for transmission to the participating Powers, a list of all treaties, conventions, exchange of notes, or other international agreements which they may have with China, or with any other Power or Powers in relation to China, which they deem to be still in force and upon which they may desire to rely. In each case, citations will be given to any official or other publication in which an authoritative text of the documents may be found. In any case in which the document may not have been published, a copy of the text (in its original language or languages) will be filed with the Secretariat General of the Conference.

Every Treaty or other international agreement of the character described which may be concluded hereafter shall be notified by the Governments concerned within sixty (60) days of its conclusion to the Powers who are signatories of or adherents to this agreement.

II. The several Powers other than China will file with the Secretariat General of the Conference at their earliest convenience for transmission to the participating Powers a list, as nearly complete as may be possible, of all those contracts between their nationals, of the one part, and the Chinese Government or any of its administrative subdivisions or local authorities, of the other part, which involve any concession, franchise, option or preference with respect to railway construction, mining, forestry, navigation, river conservancy, harbor works, reclamation, electrical communications, or

other public works or public services, or for the sale of arms or ammunition, or which involve a lien upon any of the public revenues or properties of the Chinese Government or of any of its administrative subdivisions. There shall be, in the case of each document so listed, either a citation to a published text, or a copy of the text itself.

Every contract of the public character described which may be concluded hereafter shall be notified by the Governments concerned within sixty (60) days after the receipt of information of its conclusion to the Powers who are signatories of or adherents to this agreement.

III. The Chinese Government agrees to notify in the conditions laid down in this agreement every treaty agreement or contract of the character indicated herein which has been or may hereafter be concluded by that Government or by any local authority in China with any foreign power or the nationals of any foreign power whether party to this agreement or not, so far as the information is in its possession.

IV. The Governments of Powers having treaty relations with China, which are not represented at the present Conference, shall be invited to adhere to this agreement.

The United States Government, as convener of the Conference, undertakes to communicate this agreement to the Governments of the said Powers, with a view to obtaining their adherence thereto as soon as possible.

Adopted by the Conference on the Limitation of Armament at the Fifth Plenary Session, February 1, 1922.

11

RESOLUTION REGARDING THE CHINESE EASTERN RAILWAY, APPROVED BY ALL THE POWERS INCLUDING CHINA

Resolved, That the preservation of the Chinese Eastern Railway for those in interest requires that better protection be given to the railway and the persons engaged in its operation and use, a more careful selection of personnel to secure efficiency of service, and a more economical use of funds to prevent waste of the property.

That the subject should immediately be dealt with through the proper diplomatic channels.

Adopted by the Conference on the Limitation of Armament at the Sixth Plenary Session, February 4, 1922.

12

RESOLUTION REGARDING THE CHINESE EASTERN RAILWAY,
APPROVED BY ALL THE POWERS OTHER THAN CHINA

The Powers other than China in agreeing to the resolution regarding the Chinese Eastern Railway, reserve the right to insist hereafter upon the responsibility of China for performance or non-performance of the obligations towards the foreign stockholders, bondholders and creditors of the Chinese Eastern Railway Company which the Powers deem to result from the contracts under which the railroad was built and the action of China thereunder and the obligations which they deem to be in the nature of a trust resulting from the exercise of power by the Chinese Government over the possession and administration of the railroad.

IX

ADDRESS OF THE PRESIDENT OF THE UNITED
STATES AT THE CLOSING SESSION OF THE
WASHINGTON CONFERENCE,
FEBRUARY 6, 1922

(Reprinted from Senate Document No. 126.)

Mr. Chairman and members of the Conference:

Nearly three months ago it was my privilege to utter to you sincerest words of welcome to the capital of our republic, to suggest the spirit in which you were invited, and to intimate the atmosphere in which you were asked to confer. In a very general way, perhaps, I ventured to express a hope for the things toward which our aspirations led us.

To-day it is my greater privilege, and an even greater pleasure, to come to make acknowledgment. It is one of the supreme satisfactions and compensations of life to contemplate a worth-while accomplishment.

It can not be other than seemly for me, as the only Chief of Government so circumstanced as to be able to address the Conference, to speak congratulations, and to offer the thanks of our nation and our people; perhaps I dare volunteer to utter them for the world. My own gratification is beyond my capacity to express.

This Conference has wrought a truly great achievement. It is hazardous sometimes to speak in superlatives, and I will be restrained. But I will say, with every confidence, that the faith plighted here to-day, kept in national honor, will mark the beginning of a new and better epoch in human affairs.

Stripped to the simplest fact, what is the spectacle which has inspired a new hope for the world? Gathered about this table nine great nations of the earth—not all, to be sure, but those most directly concerned with the problems at

hand—have met and have conferred on questions of great import and common concern, on problems menacing their peaceful relationship, on burdens threatening a common peril. In the revealing light of the public opinion of the world, without surrender of sovereignty, without impaired nationality or affronted national pride, a solution has been found in unanimity, and to-day's adjournment is marked by rejoicing in the things accomplished. If the world has hungered for a new assurance, it may feast at the banquet which this Conference has spread.

I am sure the people of the United States are supremely gratified, and yet there is scant appreciation how marvelously you have wrought. When the days were dragging and agreements were delayed, when there were obstacles within and hindrances without, few stopped to realize that here was a Conference of sovereign powers where only unanimous agreement could be made the rule. Majorities could not decide without impinging on national rights. There were no victors to command, no vanquished to yield. All had voluntarily to agree in translating the conscience of our civilization and give concrete expression to world opinion.

And you have agreed in spite of all difficulties, and the agreements are proclaimed to the world. No new standards of national honor have been sought, but the indictments of national dishonor have been drawn, and the world is ready to proclaim the odiousness of perfidy or infamy.

It is not pretended that the pursuit of peace and the limitation of armament are new conceits, or that the Conference is a new conception either in settlement of war or in writing the conscience of international relationship. Indeed, it is not new to have met in the realization of war's supreme penalties. The Hague conventions are examples of the one, the conferences of Vienna, of Berlin, of Versailles are outstanding instances of the other.

The Hague conventions were defeated by the antagonism of one strong power whose indisposition to cooperate and sustain led it to one of the supreme tragedies which have

come to national eminence. Vienna and Berlin sought peace founded on the injustices of war and sowed the seeds of future conflict, and hatred was armed where confidence was stifled.

It is fair to say that human progress, the grown intimacy of international relationship, developed communication and transportation, attended by a directing world opinion, have set the stage more favorably here. You have met in that calm deliberation and that determined resolution which have made a just peace, in righteous relationship, its own best guaranty.

It has been the fortune of this Conference to sit in a day far enough removed from war's bitterness, yet near enough to war's horrors, to gain the benefit of both the hatred of war and the yearning for peace. Too often, heretofore, the decades following such gatherings have been marked by the difficult undoing of their decisions. But your achievement is supreme because no seed of conflict has been sown; no reaction in regret or resentment even can justify resort to arms.

It little matters what we appraise as the outstanding accomplishment. Any one of them alone would have justified this Conference. But the whole achievement has so cleared the atmosphere that it will seem like breathing the refreshing air of a new morn of promise.

You, gentlemen of the Conference, have written the first deliberate and effective expression of great powers, in the consciousness of peace, of war's utter futility, and challenged the sanity of competitive preparation for each other's destruction. You have halted folly and lifted burdens, and revealed to the world that the one sure way to recover from the sorrow and ruin and staggering obligations of a world war is to end the strife in preparation for more of it, and turn human energies to the constructiveness of peace.

Not all the world is yet tranquilized. But here is the example, to imbue with new hope all who dwell in apprehension. At this table came understanding, and understanding brands armed conflict as abominable in the eyes of an enlightened civilization.

I once believed in armed preparedness. I advocated it. But I have come now to believe there is a better preparedness in a public mind and a world opinion made ready to grant justice precisely as it exacts it. And justice is better served in conferences of peace than in conflicts at arms.

How simple it all has been. When you met here twelve weeks ago there was not a commitment, not an obligation except that which each delegation owed to the government commissioning it. But human service was calling, world conscience was impelling, and world opinion directing.

No intrigue, no offensive or defensive alliances, no involvements have wrought your agreements, but reasoning with each other to common understanding has made new relationships among governments and peoples, new securities for peace and new opportunities for achievement and its attending happiness.

Here have been established the contacts of reason, here have come the inevitable understandings of face-to-face exchanges when passion does not inflame. The very atmosphere shamed national selfishness into retreat. Viewpoints were exchanged, differences composed, and you came to understand how common, after all, are human aspirations; how alike, indeed, and how easily reconcilable, are our national aspirations; how sane and simple and satisfying to seek the relationships of peace and security.

When you first met I told you of our America's thought to seek less of armament and none of war; that we sought nothing which is another's, that we were unafraid, but that we wished to join you in doing that finer and nobler thing which no nation can do alone. We rejoice in the accomplishment.

It may be that the naval holiday here contracted will expire with the treaties, but I do not believe it. Those of us who live another decade are more likely to witness a growth of public opinion, strengthened by the new experience, which will make nations more concerned with living to the fulfillment of God's high intent than with agencies of warfare and

destruction. Since this conference of nations has pointed with unanimity to the way of peace to-day, like conferences in the future, under appropriate conditions and with aims both well conceived and definite, may illumine the highways and byways of human activity. The torches of understanding have been lighted, and they ought to glow and encircle the globe.

Again, gentlemen of the Conference, congratulations and the gratitude of the United States. To Belgium, to the British Empire, to China, to France, to Italy, to Japan, to The Netherlands, and to Portugal—I can wish no more than the same feeling, which we experience, of honorable and honored contribution to happy human advancement, and a new sense of security in the righteous pursuits of peace and all attending good fortune.

From our own delegates I have known from time to time of your activities, and of the spirit of conciliation and adjustment, and the cheering readiness of all of you to strive for that unanimity so essential to accomplishment. Without it there would have been failure; with it you have heartened the world.

I know our guests will pardon me while I make grateful acknowledgment to the American delegation—to you, Mr. Secretary Hughes; to you, Senator Lodge; to you, Senator Underwood; to you, Mr. Root; to all of you for your able and splendid and highly purposed and untiring endeavors in behalf of our Government and our people and the great cause; and to our excellent Advisory Committee which gave to you so dependable a reflex of that American public opinion which charts the course of this republic.

It is all so fine, so gratifying, so reassuring, so full of promise, that above the murmurings of a world sorrow not yet silenced; above the groans which come of excessive burdens not yet lifted but soon to be lightened; above the discouragements of a world yet struggling to find itself after surpassing upheaval, there is the note of rejoicing which is not alone ours or yours, or of all of us, but comes from the hearts of men of all the world.

X

ADDRESS OF THE PRESIDENT OF THE
UNITED STATES TO THE SENATE PRESENT-
ING THE REPORT OF THE WASHINGTON
CONFERENCE, FEBRUARY 10, 1922.

(Reprinted from Senate Document No. 126.)

MR. PRESIDENT AND GENTLEMEN OF THE SENATE:

I have come to make report to you of the conclusions of what has been termed the Washington Conference on the Limitation of Armament, and to lay before you the series of treaties which the United States and the other powers participating in the conference have negotiated and signed, and have announced to the world. Apart from the very great satisfaction in reporting to the Senate, it is a privilege as well as a duty to ask that advice and consent which the Constitution requires to make these covenants effective.

Accompanying the treaties I bring to you the complete minutes of both plenary sessions and committee meetings, and a copy of the official report made to me by the American Delegation to the conference. Both the complete minutes and the official report of the American Delegation are new accompaniments to the executive report of a treaty or treaties, but they are fitting testimonials to that open and simpler diplomacy for which the world has asked and the practice of which contributed largely to the success of the conference so recently adjourned. I trust they will facilitate that ample and helpful understanding which is desirable in the Senate, and reflect that understanding which was the keynote of the conference itself.

The whole transaction is quite out of the ordinary. I am not thinking of the achievement, which I hope the Senate will come to appraise as highly as I do, and as the world

seems to do. I am not thinking of the commendable processes by which agreements were wrought, though this was a conference wholly of free nations, exercising every national right and authority, in which every agreement was stamped with unanimity.

Indeed, it was a conference of friends, proceeding in deliberation and sympathy, appraising their friendly and peaceful relations and resolved to maintain them, and give to the world new assurances of peace and actual relief from the burdens of excessive and competitive armament. But the out-of-the-ordinary phases which I have in mind are that the Senate—indeed, the Congress—has already advised in favor of one—and inferentially of two—of the treaties laid before you today, and the naval pact negotiated and signed is in accordance with your expressed wish. It calls a halt in the competitive construction of capital ships in the great navies of the world, and affords the first actual relief from naval burdens which peoples have been able to acclaim since steam and steel combined to add to naval strength in warfare.

But, though the treaty recommended by the Congress marks the beginning of a naval holiday and that limitation of naval armament which accords with a world aspiration, the particular justification of this progressive and highly gratifying step was the settlement of the international problems of the Pacific, attended by new understandings in place of menacing disagreements, and established sureties instead of uncertainties which easily might lead to conflict.

Much as it was desirable to lift the burdens of naval armament and strike at the menace of competitive construction and consequent expenditure, the executive branch of the Government, which must be watchful for the nation's safety, was unwilling to covenant a reduction of armament until there could be plighted new guarantees of peace, until there could be removed the probable menaces of conflict. Therefore all the treaties submitted for your approval have such important relationship, one to another, that, though not interdependent, they are the covenants of harmony, of assurance,

of conviction, of conscience, and of unanimity. These we have believed to be essential to perfect the fulfillment which the Congress has in mind.

As a simple matter of fact, all of the agreements, except those dealing directly with the limitation of armament, take the place of various multi-power treaties, arrangements or understandings, formal or informal, expressed or implied, relating to matters in the Pacific Ocean, in which all the powers signatory were essentially, if not equally, concerned. The new agreements serve to put an end to contradictions, to remove ambiguities, and establish clear understandings.

No matter what mental reservations may have existed, or what doubts may have prevailed, because here was an experiment new in many phases, all of the powers came to the conference knowing it was to deal with very practical situations affecting their international relations. There was mutual interest, quite apart from the greater achievement for world peace, and a way to common understanding was found to be practical and speedily arranged.

If it has developed a new-world school of diplomacy, let it be so called. It revealed the ends aimed at in the very beginning and pointed the way to their attainment. The powers in conference took the world of the Pacific as they found it in fact. They dealt with actualities by voluntary and unanimous agreement, and have added to mankind's assurances and hopefully advanced international peace.

It is worth while saying that the powers in this conference sought no concert to dispossess any power of its rights or property. All the signatories have given up certain rights which they had, as their contribution to concord and peace, but at no sacrifice of national pride, with no regret or resentment to later flame in conflict.

Some relinquished certain rights or prerogatives which they had asserted, notably in the settlement of the Shantung controversy, dealt with in a covenant quite apart from the group herewith submitted. But every concession was a willing one, without pressure or constraint. The conference record is

quite unparalleled, not alone because there was the maximum of good feeling and neighborliness throughout the session, but common rejoicing in the results; and the separations in departure were marked by genuine cordiality, goodwill, and new hopes.

It is not necessary to remind you that the conference work was not directed against any power or group of powers. There were no punishments to inflict, no rewards to bestow. Mutual consideration, and the common welfare, and the desire for world peace impelled. The conclusions reached and the covenants written neither require nor contemplate compulsive measures against any power in the world, signatory or non-signatory. The offerings are free will; the conscience is that of world opinion; the observance is a matter of national honor.

These treaties leave no power despoiled. The delegates of every power participating adjourned with every right and every authority with which they came, except that which was willingly and gladly given up to further the common welfare. I can assure you the nine powers have been brought more closely together, they are stauncher neighbors and friends, they have clearer and better estimates of one another, they have seen suspicion challenged and selfishness made to retreat, they have keener and more sympathetic understandings, and they are more strongly willed for right and justice in international relations than ever before. I believe, with all my heart, the powers in conference have combined to make the world a safer and better and more hopeful place in which to live.

It was a helpful thing to have the conference reveal how common our human aspirations are and how easy it is, when the task is properly approached, to reconcile our national aspirations. There are mutual and essential interests affecting the welfare and peace of all nations, and they cannot be promoted by force. They can be revealed and magnified in that understanding which, it is now proven, the conference of peace promotes, and the same understanding makes compulsion and despoilment hateful in the eyes of mankind.

The treaties submitted, seven in number, are:

The covenant of limitation of naval armament between our republic, the British Empire, France, Italy and Japan.

The treaty between the same powers in relation to the use of submarines and noxious gases in warfare.

The treaty between the United States, the British Empire, France and Japan, relating to their insular possessions and their insular dominions in the Pacific.

A declaration accompanying the four-power treaty reserving American rights in mandated territory.

An agreement supplementary to the four-power treaty defining the application of the term "insular possession and insular dominions," as relating to Japan.

A treaty between the nine powers in the conference relating to principles and policies to be followed in matters concerning China.

A treaty between the nine powers relating to the Chinese customs tariff.

I invite your prompt approval of all of them. It is quite impossible to readjust our naval program until the naval treaty has your sanction, even though you urged its negotiation. It is not possible to make the readjustment in full confidence, until the whole program has commended itself to your approval.

I am not unmindful, nor was the conference, of the sentiment in this chamber against Old World entanglements. Those who made the treaties have left no doubt about their true import. Every expression in the conference has emphasized the purpose to be served and the obligations assumed.

Therefore, I can bring you every assurance that nothing in any of these treaties commits the United States, or any other power, to any kind of an alliance, entanglement or involvement. It does not require us or any power to surrender a worth-while tradition. It has been said, if this be true, these are mere meaningless treaties, and therefore valueless. Let us accept no such doctrine of despair as that. If nations may not establish by mutual understanding the rules and prin-

ciples which are to govern their relationship; if a sovereign and solemn plight of faith by leading nations of the earth is valueless; if nations may not trust one another, then, indeed, there is little on which to hang our faith in advancing civilization or the furtherance of peace.

Either we must live and aspire and achieve under a free and common understanding among peoples, with mutual trust, respect, and forbearance, and exercising full sovereignty, or else brutal, armed force will dominate, and the sorrows and burdens of war in this decade will be turned to the chaos and hopelessness of the next. We can no more do without international negotiations and agreements in these modern days than we could maintain orderly neighborliness at home without the prescribed rules of conduct which are more the guarantees of freedom than the restraint thereof.

The world has been hungering for a better relationship for centuries since it has attained its larger consciousness. The conception of the League of Nations was a response to a manifest world hunger. Whatever its fate, whether it achieves the great things hoped for, or comes to supersedure, or to failure, the American unwillingness to be a part of it has been expressed. That unwillingness has been kept in mind, and the treaties submitted today have no semblance or relationship save as the wish to promote peace has been the common inspiration.

The four-power treaty contains no war commitment. It covenants the respect of each nation's rights in relation to its insular possessions. In case of controversy between the covenanting powers it is agreed to confer and seek adjustment, and if said rights are threatened by the aggressive action of any outside power, these friendly powers, respecting one another, are to communicate, perhaps confer, in order to understand what action may be taken, jointly or separately, to meet a menacing situation.

There is no commitment to armed force, no alliance, no written or moral obligation to join in defense, no expressed or implied commitment to arrive at any agreement except in

accordance with our constitutional methods. It is easy to believe, however, that such a conference of the four powers is a moral warning that an aggressive nation, giving affront to the four great powers ready to focus world opinion on a given controversy, would be embarking on a hazardous enterprise.

Frankly, Senators, if nations may not safely agree to respect each other's rights, and may not agree to confer if one party to the compact threatens trespass, or may not agree to advise if one party to the pact is threatened by an outside power, then all concerted efforts to tranquilize the world and stabilize peace must be flung to the winds. Either these treaties must have your cordial sanction, or every proclaimed desire to promote peace and prevent war becomes a hollow mockery.

We have seen the eyes of the world turned to the Pacific. With Europe prostrate and penitent, none feared the likelihood of early conflict there. But the Pacific had its menaces, and they deeply concerned us. Our territorial interests are larger there. Its waters are not strange seas to us, its farther shores not unknown to our citizens. Our earlier triumphs of commerce were there. We began treaty relationships with China full eighty years ago, in the youthful vigor of our republic, and the sailings of our clipper ships were the romance of our merchant marine, when it successfully challenged the competition of the world.

Seventy years ago Commodore Perry revealed Japan to commerce, and there followed that surpassing development of the island empire, with whom our unbroken peace found a most gratifying reflex in the conference just closed.

A century ago we began planting the seeds of American friendship in Hawaii, and seventy years ago Webster told the Senate that the United States could "never consent to see these islands taken possession of by either of the great commercial powers of Europe." Whether it was destiny, or the development of propinquity, or the influence of our colonists, or faith in our institutions, Hawaii came under the flag in 1898, and rejoices today as a part of our republic.

The lure of the waters, or the march of empire, or the call

of commerce or inscrutable destiny led us on, and we went to the South Seas and planted the flag in Samoa. Out of the war with Spain came our sponsorship in the Philippines, and the possession of Guam; and so we are deeply concerned in the mid-Pacific, the South Seas, and the very centre of the Far East.

We crave peace there as we do on the continent, and we should be remiss in performing a national duty if we did not covenant the relations which tend to guarantee it. For more than a half century we have had a part in influencing the affairs of the Pacific, and our present proposed commitments are not materially different in character, nor materially greater in extent, though fraught with vastly less danger, than our undertakings in the past.

We have convinced the onlooking and interested powers that we covet the possessions of no other power in the Far East, and we know for ourselves that we crave no further or greater governmental or territorial responsibilities there. Contemplating what is admittedly ours, and mindful of a long-time and reciprocal friendship with China, we do wish the opportunity to continue the development of our trade peacefully, and on equality with other nations, to strengthen our ties of friendship, and to make sure the righteous and just relationships of peace.

Holding the possessions we do, entertaining these views, and confessing these ambitions, why should we not make reciprocal engagements to respect the territory of others and contract their respect of ours, and thus quiet apprehension and put an end to suspicion?

There has been concern. There has been apprehension of territorial greed, a most fruitful cause of war. The conference has dissipated both, and your ratification of the covenants made will stabilize a peace for the breaking of which there is not a shadow of reason or real excuse. We shall not have less than before. No one of us shall have less than before. There is no narrowed liberty, no hampered independence, no shattered sovereignty, no added obligation. We have new

assurances, new freedom from anxiety, and new manifestations of the sincerity of our own intentions; a new demonstration of that honesty which proclaims a righteous and powerful republic.

I am ready to assume the sincerity and the dependability of the assurances of our neighbors of the Old World that they will respect our rights, just as I know we mean to respect theirs. I believe there is an inviolable national honor, and I bring to you this particular covenant in the confident belief that it is the outstanding compact of peace for the Pacific, which will justify the limitation of armament and prove a new guarantee to peace and liberty and maintain sovereignty and free institutions.

No allusion has been made to the treaty restraining and limiting the use of the submarine and the prohibition of noxious gases in warfare. Since we are asking the world's adherence, it is easily assumed that none in America will hold aloof.

Nor need I dwell on the nine-power treaty relating to principles and policies to be followed in the relationship of the signatory powers to China. Our traditional friendship for the ancient empire, our continued friendship for the new republic, our commitment of more than twenty years to the open door, and our avowed concern for Chinese integrity and unimpaired sovereignty, make it easy to assume that the Senate will promptly and unanimously assent. China's own satisfaction in the restorations covenanted here has been officially expressed, quite apart from the testifying signatures.

Perhaps I may fittingly add a word which is suggested by my relationship as a former member of the Senate. I had occasion to learn of your very proper jealousy of the Senate's part in contracting foreign relationships. Frankly, it was in my mind when I asked representatives of both the majority and minority to serve on the American Delegation. It was designed to have you participate. And you were ably represented.

The Senate's concern for freedom from entanglements, for

preserved traditions, for maintained independence, was never once forgotten by the American Delegates. If I did not believe these treaties brought us not only new guarantees of peace, but greater assurances of freedom from conflict, I would not submit them to your consideration.

Much depends on your decision. We have joined in giving to the world the spectacle of nations gathering about the conference table, amid the convictions of peace, free from all passion, to face each other in the contacts of reason, to solve menacing problems, and end disputes, and clear up misunderstandings. They have agreed to confer again when desirable and turn the revealing light of world opinion on any menace to peace among them. Your Government encouraged, and has signed the compacts which it had much to do in fashioning.

If to these advanced expressions of the conscience of leading powers, if to these concords to guard against conflict and lift the burdens of armament, if to all of these the Senate will not advise and consent, then it will be futile to try again. Here has been exercised every caution consistent with accomplishment. Here was a beginning on your advice, no matter when conceived, and the program was enlarged only because assurances of tranquillity were deemed the appropriate concomitants of the great experiment in arms limitation.

I alluded a moment ago to my knowledge of the viewpoint of the Senate, from personal experience. Since that experience I have come to know the viewpoint and inescapable responsibility of the executive. To the executive comes the closer view of world relationship and a more impressive realization of the menaces, the anxieties and the apprehensions to be met.

We have no rivalries in our devotion to the things we call American, because that is a common consecration. None of us means to endanger, none of us would sacrifice a cherished national inheritance. In mindfulness of this mutuality of interest, common devotion, and shared authority, I submit to the Senate that if we cannot join in making effective these covenants for peace, and stamp this conference with America's approval, we shall discredit the influence of the republic,

render future efforts futile or unlikely, and write discouragement where today the world is ready to acclaim new hope. Because of this feeling, because I believe in the merits of these engagements, I submit them to the Senate with every confidence that you will approve.

XI

A TREATY FOR THE SETTLEMENT OF OUT- STANDING QUESTIONS RELATIVE TO SHANTUNG

China and Japan, being equally animated by a sincere desire to settle amicably and in accordance with their common interest outstanding questions relative to Shantung, have resolved to conclude a treaty for the settlement of such questions, and have to that end named as their Plenipotentiaries, that is to say:

His Excellency the President of the Chinese Republic:

Sao-Ke Alfred Sze, Envoy Extraordinary and Minister Plenipotentiary;

Vikyuin Wellington Koo, Envoy Extraordinary and Minister Plenipotentiary; and

Chung-Hui Wang, Former Minister of Justice;

His Majesty the Emperor of Japan:

Baron Tomosaburo Kato, Minister of the Navy;

Baron Kijuro Shidehara, Ambassador Extraordinary and Plenipotentiary; and

Masanao Hanihara, Vice Minister for Foreign Affairs;

Who, having communicated to each other their respective full powers, found to be in good and due form, have agreed upon the following Articles:

SECTION I

RESTORATION OF THE FORMER GERMAN LEASED TERRITORY OF KIAOCHOW

ARTICLE I

Japan shall restore to China the former German Leased Territory of Kiaochow.

ARTICLE II

The Government of the Chinese Republic and the Government of Japan shall each appoint three Commissioners to form a Joint Commission, with powers to make and carry out detailed arrangements relating to the transfer of the administration of the former German Leased Territory of Kiaochow and to the transfer of public properties in the said Territory and to settle other matters likewise requiring adjustment.

For such purposes, the Joint Commission shall meet immediately upon the coming into force of the present Treaty.

ARTICLE III

The transfer of the administration of the former German Leased Territory of Kiaochow and the transfer of public properties in the said Territory, as well as the adjustment of other matters under the preceding Article, shall be completed as soon as possible, and, in any case, not later than six months from the date of the coming into force of the present Treaty.

ARTICLE IV

The Government of Japan undertakes to hand over to the Government of the Chinese Republic, upon the transfer to China of the administration of the former German Leased Territory of Kiaochow, such archives, registers, plans, title-deeds and other documents in the possession of Japan, or certified copies thereof, as may be necessary for the transfer of the administration, as well as those that may be useful for the subsequent administration by China of the said Territory and of the Fifty Kilometre Zone around Kiaochow Bay.

SECTION II

TRANSFER OF PUBLIC PROPERTIES

ARTICLE V

The Government of Japan undertakes to transfer to the Government of the Chinese Republic all public properties

including land, buildings, works or establishments in the former German Leased Territory of Kiaochow, whether formerly possessed by the German authorities, or purchased or constructed by the Japanese authorities during the period of the Japanese administration of the said Territory, except those indicated in Article VII of the present Treaty.

ARTICLE VI

In the transfer of public properties under the preceding Article, no compensation will be claimed from the Government of the Chinese Republic: Provided, however, that for those purchased or constructed by the Japanese authorities, and also for the improvements on or additions to those formerly possessed by the German authorities, the Government of the Chinese Republic shall refund a fair and equitable proportion of the expenses actually incurred by the Government of Japan, having regard to the principle of depreciation and continuing value.

ARTICLE VII

Such public properties in the former German Leased Territory of Kiaochow as are required for the Japanese Consulate to be established in Tsingtao shall be retained by the Government of Japan, and those required more especially for the benefit of the Japanese community, including public schools, shrines and cemeteries, shall be left in the hands of the said community.

ARTICLE VIII

Details of the matters referred to in the preceding three Articles shall be arranged by the Joint Commission provided for in Article II of the present Treaty.

SECTION III

WITHDRAWAL OF JAPANESE TROOPS

ARTICLE IX

The Japanese troops, including gendarmes, now stationed along the Tsingtao-Tsinanfu Railway and its branches, shall

be withdrawn as soon as the Chinese police or military force shall have been sent to take over the protection of the Railway.

ARTICLE X

The disposition of the Chinese police or military force and the withdrawal of the Japanese troops under the preceding Article may be effected in sections.

The date of the completion of such process for each section shall be arranged in advance between the competent authorities of China and Japan.

The entire withdrawal of such Japanese troops shall be effected within three months, if possible, and, in any case, not later than six months, from the date of the signature of the present Treaty.

ARTICLE XI

The Japanese garrison at Tsingtao shall be completely withdrawn simultaneously, if possible, with the transfer to China of the administration of the former German Leased Territory of Kiaochow, and, in any case, not later than thirty days from the date of such transfer.

SECTION IV

MARITIME CUSTOMS AT TSINGTAO

ARTICLE XII

The Custom House of Tsingtao shall be made an integral part of the Chinese Maritime Customs upon the coming into force of the present Treaty.

ARTICLE XIII

The Provisional Agreement of August 6, 1915, between China and Japan, relating to the reopening of the Office of the Chinese Maritime Customs at Tsingtao shall cease to be effective upon the coming into force of the present Treaty.

SECTION V

TSINGTAO-TSINANFU RAILWAY

ARTICLE XIV

Japan shall transfer to China the Tsingtao-Tsinanfu Railway and its branches, together with all other properties appurtenant thereto, including wharves, warehouses and other similar properties.

ARTICLE XV

China undertakes to reimburse to Japan the actual value of all the Railway properties mentioned in the preceding Article.

The actual value to be so reimbursed shall consist of the sum of fifty-three million, four hundred and six thousand, one hundred and forty-one (53,406,141) gold marks (which is the assessed value of such portion of the said properties as was left behind by the Germans), or its equivalent, plus the amount which Japan, during her administration of the Railway, has actually expended for permanent improvements on or additions to the said properties, less a suitable allowance for depreciation.

It is understood that no charge will be made with respect to the wharves, warehouses and other similar properties mentioned in the preceding Article, except for such permanent improvements on or additions to them as may have been made by Japan, during her administration of the Railway, less a suitable allowance for depreciation.

ARTICLE XVI

The Government of the Chinese Republic and the Government of Japan shall each appoint three Commissioners to form a Joint Railway Commission, with powers to appraise the actual value of the Railway properties on the basis defined in the preceding Article, and to arrange the transfer of the said properties.

ARTICLE XVII

The transfer of all the Railway properties under Article XIV of the present Treaty shall be completed as soon as possible, and, in any case, not later than nine months from the date of the coming into force of the present Treaty.

ARTICLE XVIII

To effect the reimbursement under Article XV of the present Treaty, China shall deliver to Japan simultaneously with the completion of the transfer of the Railway properties, Chinese Government Treasury Notes, secured on the properties and revenues of the Railway, and running for a period of fifteen years, but redeemable, whether in whole or in part, at the option of China, at the end of five years from the date of the delivery of the said Treasury Notes, or at any time thereafter upon six months' previous notice.

ARTICLE XIX

Pending the redemption of the said Treasury Notes under the preceding Article, the Government of the Chinese Republic will select and appoint, for so long a period as any part of the said Treasury Notes shall remain unredeemed, a Japanese subject to be Traffic Manager, and another Japanese subject to be Chief Accountant jointly with the Chinese Chief Accountant and with co-ordinate functions.

These officials shall all be under the direction, control and supervision of the Chinese Managing Director, and removable for cause.

ARTICLE XX

Financial details of a technical character relating to the said Treasury Notes, not provided for in this Section, shall be determined in common accord between the Chinese and Japanese authorities as soon as possible, and, in any case, not later than six months from the date of the coming into force of the present Treaty.

SECTION VI

EXTENSIONS OF THE TSINGTAO-TSINANFU RAILWAY

ARTICLE XXI

The concessions relating to the two extensions of the Tsingtao-Tsinanfu Railway, namely, the Tsinanfu-Shunteh and the Kaomi-Hsuchowfu lines, shall be made open to the common activity of an international financial group, on terms to be arranged between the Government of the Chinese Republic and the said group.

SECTION VII

MINES

ARTICLE XXII

The mines of Tsechwan, Fangtze and Chinlingchen, for which the mining rights were formerly granted by China to Germany, shall be handed over to a company to be formed under a special charter of the Government of the Chinese Republic, in which the amount of Japanese capital shall not exceed that of Chinese capital.

The mode and terms of such arrangement shall be determined by the Joint Commission provided for in Article II of the present Treaty.

SECTION VIII

OPENING OF THE FORMER GERMAN LEASED TERRITORY
KIAOCHOW

ARTICLE XXIII

The Government of Japan declares that it will not seek the establishment of an exclusive Japanese settlement, or of an international settlement, in the former German Leased Territory of Kiaochow.

The Government of the Chinese Republic, on its part,

declares that the entire area of the former German Leased Territory of Kiaochow will be opened to foreign trade, and that foreign nationals will be permitted freely to reside and to carry on commerce, industry and other lawful pursuits within such area.

ARTICLE XXIV

The Government of the Chinese Republic further declares that vested rights lawfully and equitably acquired by foreign nationals in the former German Leased Territory of Kiaochow, whether under the German régime or during the period of the Japanese administration, will be respected.

All questions relating to the status or validity of such vested rights acquired by Japanese subjects or Japanese companies shall be adjusted by the Joint Commission provided for in Article II of the present Treaty.

SECTION IX

SALT INDUSTRY

ARTICLE XXV

Whereas the salt industry is a Government monopoly in China, it is agreed that the interests of Japanese subjects or Japanese companies actually engaged in the said industry along the coast of Kiaochow Bay shall be purchased by the Government of the Chinese Republic for fair compensation, and that the exportation to Japan of a quantity of salt produced by such industry along the said coast is to be permitted on reasonable terms.

Arrangements for the above purposes, including the transfer of the said interests to the Government of the Chinese Republic, shall be made by the Joint Commission provided for in Article II of the present Treaty. They shall be completed as soon as possible, and, in any case, not later than six months from the date of the coming into force of the present Treaty.

SECTION X

SUBMARINE CABLES

ARTICLE XXVI

The Government of Japan declares that all the rights, title and privileges concerning the former German submarine cables between Tsingtao and Chefoo and between Tsingtao and Shanghai are vested in China, with the exception of those portions of the said two cables which have been utilized by the Government of Japan for the laying of a cable between Tsingtao and Sasebo; it being understood that the question relating to the landing and operation at Tsingtao of the said Tsingtao-Sasebo cable shall be adjusted by the Joint Commission provided for in Article II of the present Treaty, subject to the terms of the existing contracts to which China is a party.

SECTION XI

WIRELESS STATIONS

ARTICLE XXVII

The Government of Japan undertakes to transfer to the Government of the Chinese Republic the Japanese wireless stations at Tsingtao and Tsinanfu, for fair compensation for the value of these stations, upon the withdrawal of the Japanese troops at the said two places, respectively.

Details of such transfer and compensation shall be arranged by the Joint Commission provided for in Article II of the present Treaty.

ARTICLE XXVIII

The present Treaty (including the Annex thereto) shall be ratified, and the ratifications thereof shall be exchanged at Peking as soon as possible, and not later than four months from the date of its signature.

It shall come into force from the date of the exchange of ratifications.

In witness whereof, the respective Plenipotentiaries have signed the present Treaty in duplicate, in the English language, and have affixed thereto their seals.

Done at the City of Washington this fourth day of February, one thousand nine hundred and twenty-two.

(Signed) SAO-KE ALFRED SZE [L. S.]

(Signed) V. K. WELLINGTON KOO [L. S.]

(Signed) CHUNG-HUI WANG [L. S.]

(Signed) T. KATO [L. S.]

(Signed) K. SHIDEHARA [L. S.]

(Signed) M. HANIHARA [L. S.]

ANNEX

I

RENUNCIATION OF PREFERENTIAL RIGHTS

The Government of Japan declares that it renounces all preferential rights with respect to foreign assistance in persons, capital and material stipulated in the Treaty of March 6, 1898, between China and Germany.

II

TRANSFER OF PUBLIC PROPERTIES

It is understood that public properties to be transferred to the Government of the Chinese Republic under Article V of the present Treaty include (1) all public works, such as roads, water-works, parks, drainage and sanitary equipment, and (2) all public enterprises such as those relating to telephone, electric light, stockyard and laundry.

The Government of the Chinese Republic declares that in the management and maintenance of public works to be so transferred to the Government of the Chinese Republic, the foreign community in the former German Leased Territory of Kiaochow shall have fair representation.

The Government of the Chinese Republic further declares

that, upon taking over the telephone enterprise in the former German Leased Territory of Kiaochow, it will give due consideration to the requests from the foreign community in the said Territory for such extensions and improvements in the telephone enterprise as may be reasonably required by the general interests of the public.

With respect to public enterprises relating to electric light, stockyard and laundry, the Government of the Chinese Republic, upon taking them over, shall re-transfer them to the Chinese municipal authorities of Tsingtao, which shall, in turn, cause commercial companies to be formed under Chinese laws for the management and working of the said enterprises, subject to municipal regulation and supervision.

III

MARITIME CUSTOMS AT TSINGTAO

The Government of the Chinese Republic declares that it will instruct the Inspector General of the Chinese Maritime Customs (1) to permit Japanese traders in the former German Leased Territory of Kiaochow to communicate in the Japanese language with the Custom House of Tsingtao; and (2) to give consideration, within the limits of the established service regulations of the Chinese Maritime Customs, to the diverse needs of the trade of Tsingtao, in the selection of a suitable staff for the said Custom House.

IV

TSINGTAO-TSINANFU RAILWAY

Should the Joint Railway Commission provided for in Article XVI of the present Treaty fail to reach an agreement on any matter within its competence, the point or points at issue shall be taken up by the Government of the Chinese Republic and the Government of Japan for discussion and adjustment by means of diplomacy.

In the determination of such point or points, the Government of the Chinese Republic and the Government of Japan

shall, if necessary, obtain recommendations of experts of a third Power or Powers who shall be designated in common accord between the two Governments.

• V

CHEFOO-WEIHSIEN RAILWAY

The Government of Japan will not claim that the option for financing the Chefoo-Weihsien Railway should be made open to the common activity of the International Financial Consortium, provided that the said Railway is to be constructed with Chinese capital.

VI

OPENING OF THE FORMER GERMAN LEASED TERRITORY
OF KIAOCHOW

The Government of the Chinese Republic declares that, pending the enactment and general application of laws regulating the system of local self-government in China, the Chinese local authorities will ascertain the views of the foreign residents in the former German Leased Territory of Kiaochow in such municipal matters as may directly affect their welfare and interests.

(Signed) SAO-KE ALFRED SZE

(Signed) T. KATO

(Signed) V. K. WELLINGTON KOO

(Signed) K. SHIDEHARA

(Signed) CHUNG-HUI WANG

(Signed) M. HANIHARA

XII

UNDERSTANDINGS BETWEEN CHINA AND JAPAN
SUPPLEMENTING THE SHANTUNG TREATY

(Reprinted from the *New York Times*, February 2, 1922.)

1. It is understood that on taking over the railway, the Chinese authorities shall have full power and discretion to continue to remove the present employees of Japanese nationality in the service of the railway and that reasonable notice may be given before the date of the transfer of the railway. Detailed arrangements regarding the replacements to take effect immediately on the transfer of the railway to China are to be made by the Chinese and Japanese authorities.

2. It is understood (1) that the entire subordinate staff of the Japanese traffic manager and of the Japanese chief accountant is to be appointed by the Chinese managing director; and (2) that after two years and a half from the date of the transfer of the railway, the Chinese Government may appoint an assistant traffic manager of Chinese nationality, for the period of two years and a half, and that such assistant Chinese traffic manager may also be appointed at any time after six months' notice for the redemption of the Treasury notes is given.

3. The Japanese delegation declares that Japan has no intention to claim that China is under any obligation to appoint Japanese nationals as members of the said subordinate staff.

4. It is understood that the redemption of the said Treasury notes will not be effected with funds raised from any source other than Chinese.

XIII

AN AGREEMENT BETWEEN THE UNITED STATES
AND JAPAN RELATIVE TO THE ISLAND OF YAP

(Reprinted from the *Congressional Record*, February 21, 1922, pp.3170-3172)

Considering that by Article 119 of the Treaty of Versailles, signed on June 28, 1919, Germany renounced in favor of the powers described in that Treaty as the Principal Allied and Associated Powers, to wit, the United States of America, the British Empire, France, Italy, and Japan, all her rights and titles over her overseas possessions;

Considering that the benefits accruing to the United States under the aforesaid Article 119 of the treaty of Versailles were confirmed by the treaty between the United States and Germany, signed on August 25, 1921, to restore friendly relations between the two nations;

Considering that the said four powers—to wit, the British Empire, France, Italy, and Japan—have agreed to confer upon His Majesty the Emperor of Japan a mandate, pursuant to the Treaty of Versailles, to administer the groups of the former German islands in the Pacific Ocean lying north of the Equator, in accordance with the following provisions:

“Article 1. The islands over which a Mandate is conferred upon His Majesty the Emperor of Japan (hereinafter called the Mandatory) comprise all the former German islands situated in the Pacific Ocean and lying north of the Equator.

“Article 2. The Mandatory shall have full power of administration and legislation over the territory subject to the present Mandate as an integral portion of the Empire of Japan, and may apply the laws of the Empire of Japan to the territory, subject to such local modifications as circumstances may require. The Mandatory shall promote to the utmost the material and moral well-being and the social

progress of the inhabitants of the territory subject to the present mandate.

"Article 3. The Mandatory shall see that the slave trade is prohibited and that no forced labor is permitted, except for essential public works and services, and then only for adequate remuneration. The Mandatory shall also see that the traffic in arms and ammunition is controlled in accordance with principles analogous to those laid down in the convention relating to the control of the arms traffic signed on September 10, 1919, or in any convention amending same. The supply of intoxicating spirits and beverages to the natives shall be prohibited.

"Article 4. The military training of the natives, otherwise than for purposes of internal police and the local defense of the territory, shall be prohibited. Furthermore, no military or naval bases shall be established or fortifications erected in the territory.

"Article 5. Subject to the provisions of any local law for the maintenance of public order and public morals, the Mandatory shall insure in the territory freedom of conscience and the free exercise of all forms of worship, and shall allow all missionaries, nationals of any State Member of the League of Nations, to enter into, travel, and reside in the territory for the purpose of prosecuting their calling.

"Article 6. The Mandatory shall make to the Council of the League of Nations an annual report to the satisfaction of the Council, containing full information with regard to the territory and indicating the measures taken to carry out the obligations assumed under Articles 2, 3, 4, and 5.

"Article 7. The consent of the Council of the League of Nations is required for any modification of the terms of the present mandate. The Mandatory agrees that, if any dispute whatever should arise between the Mandatory and another Member of the League of Nations relating to the interpretation or the application of the provisions of the Mandate, such dispute, if it can not be settled by negotiation, shall be submitted to the Permanent Court of International

Justice provided for by Article 14 of the Covenant of the League of Nations;"

Considering that the United States did not ratify the Treaty of Versailles and did not participate in the agreement respecting the aforesaid mandate;

Desiring to reach a definite understanding with regard to the rights of the two Governments and their respective nationals in the aforesaid islands, and in particular the island of Yap, have resolved to conclude a convention for that purpose, and to that end have named as their Plenipotentiaries:

The President of the United States of America:

Charles Evans Hughes, Secretary of State of the United States;

and

His Majesty the Emperor of Japan:

Baron Kijuro Shidehara, His Majesty's Ambassador Extraordinary and Plenipotentiary at Washington;

Who, after having communicated to each other their respective full powers, found to be in good and due form, have agreed as follows:

ARTICLE I

Subject to the provisions of the present convention, the United States consents to the administration by Japan, pursuant to the aforesaid mandate, of all the former German islands in the Pacific Ocean lying north of the Equator.

ARTICLE II

The United States and its nationals shall receive all the benefits of the engagements of Japan defined in Articles 3, 4, and 5 of the aforesaid mandate, notwithstanding the fact that the United States is not a member of the League of Nations.

It is further agreed between the High Contracting Parties as follows:

(1) Japan shall insure in the islands complete freedom of conscience and the free exercise of all forms of worship which

are consonant with public order and morality; American missionaries of all such religions shall be free to enter the islands and to travel and reside thereon, to acquire and possess property, to erect religious buildings and to open schools throughout the islands; it being understood, however, that Japan shall have the right to exercise such control as may be necessary for the maintenance of public order and good government and to take all measures required for such control.

(2) Vested American property rights in the mandated islands shall be respected and in no way impaired;

(3) Existing treaties between the United States and Japan shall be applicable to the mandated islands;

(4) Japan will address to the United States a duplicate of the annual report on the administration of the mandate to be made by Japan to the Council of the League of Nations;

(5) Nothing contained in the present convention shall be affected by any modification which may be made in the terms of the mandate as recited in the convention unless such modification shall have been expressly assented to by the United States.

ARTICLE III

The United States and its nationals shall have free access to the island of Yap on a footing of entire equality with Japan or any other nation and their respective nationals in all that relates to the landing and operation of the existing Yap-Guam cable or of any cable which may hereafter be laid or operated by the United States or by its nationals connecting with the island of Yap.

The rights and privileges embraced by the preceding paragraph shall also be accorded to the Government of the United States and its nationals with respect to radio-telegraphic communication; provided, however, that so long as the Government of Japan shall maintain on the island of Yap an adequate radio-telegraphic station, cooperating effectively with the cables and with other radio stations on ships or on shore, without discriminatory exactions or preferences, the exercise

of the right to establish radio-telegraphic stations on the island by the United States or its nationals shall be suspended.

ARTICLE IV

In connection with the rights embraced by Article III, specific rights, privileges, and exemptions, in so far as they relate to electrical communications, shall be enjoyed in the island of Yap by the United States and its nationals in terms as follows:

(1) Nationals of the United States shall have the unrestricted right to reside in the island, and the United States and its nationals shall have the right to acquire and hold on a footing of entire equality with Japan or any other nation or their respective nationals all kinds of property and interests, both personal and real, including lands, buildings, residences, offices, works, and appurtenances.

(2) Nationals of the United States shall not be obliged to obtain any permit or license in order to be entitled to land and operate cables on the island or to establish radio-telegraphic service, subject to the provisions of Article III, or to enjoy any of the rights and privileges embraced by this article and by Article III.

(3) No censorship or supervision shall be exercised over cable or radio messages or operations.

(4) Nationals of the United States shall have complete freedom of entry and exit in the island for their persons and property.

(5) No taxes, port, harbor, or landing charges or exactions of any nature whatsoever, shall be levied either with respect to the operation of cables or radio stations, or with respect to property, persons, or vessels.

(6) No discriminatory police regulations shall be enforced.

(7) The Government of Japan will exercise its power of expropriation in the island to secure to the United States or its nationals needed property and facilities for the purpose of electrical communications if such property or facilities can not otherwise be obtained.

It is understood that the location and the area of land so to be expropriated shall be arranged between the two Governments according to the requirements of each case. Property of the United States or of its nationals and facilities for the purpose of electrical communication in the island shall not be subject to expropriation.

ARTICLE V

The present convention shall be ratified by the High Contracting parties in accordance with their respective Constitutions. The ratifications of this convention shall be exchanged in Washington as soon as practicable, and it shall take effect on the date of the exchange of the ratifications.

In witness whereof, the respective Plenipotentiaries have signed this convention and have hereunto affixed their seals.

Done in duplicate at the City of Washington this eleventh day of February, 1922.

CHARLES EVANS HUGHES
K. SHIDEHARA

LIST OF PUBLICATIONS

Nos. 1-157 (April, 1907, to December, 1920). Including papers by Baron d'Estournelles de Constant, George Trumbull Ladd, Elihu Root, Barrett Wendell, Charles E. Jefferson, Seth Low, John Bassett Moore, William James, Andrew Carnegie, Pope Pius X, Heinrich Lammasch, Norman Angell, Charles W. Eliot, Sir Oliver Lodge, Lord Haldane, Alfred H. Fried, James Bryce, and others; also a series of official documents dealing with the European War, the League of Nations, the Peace Conference, and with several of the political problems resulting from the War. A list of titles and authors will be sent on application.

158. The Communist Party in Russia and Its Relation to the Third International and to the Russian Soviets. Part I. January, 1921.
159. The Communist Party in Russia and Its Relation to the Third International and to the Russian Soviets. Part II. February, 1921.
160. Central European Relief, by Herbert Hoover; Relief for Europe, by Herbert Hoover; Intervention on Behalf of the Children in Countries Affected by the War, by the Swiss Delegation to the Assembly of the League of Nations; The Typhus Epidemic in Central Europe, by the Right Hon. A. J. Balfour; Report of the Special Commission on Typhus in Poland, to the Assembly of the League of Nations. March, 1921.
161. Disarmament in its Relation to the Naval Policy and the Naval Building Program of the United States, by Arthur H. Pollen. April, 1921.
162. Addresses on German Reparation by the Rt. Hon. David Lloyd George and Dr. Walter Simons, London, March 3rd and 7th, 1921. May, 1921.
163. The Fiftieth Anniversary of the French Republic. June, 1921.
164. Convention for the Control of the Trade in Arms and Ammunition, and Protocol, signed at Saint-Germain-en-Laye, September 10, 1919. July, 1921.
165. Addresses at the Fifteenth Annual Meeting of the American Society of International Law, by the Hon. Elihu Root. August, 1921.
166. Constitution of the Permanent Mandates Commission; Terms of the "C" Mandates; Franco-British Convention of December 23, 1920; Correspondence between Great Britain and the United States Respecting Economic Rights in the Mandated Territories; The San Remo Oil Agreement. September, 1921.
167. Present Problems of the Commonwealth of British Nations: Conference of Prime Ministers and Representatives of the United Kingdom, the Dominions and India, held in June, July and August. October, 1921.
168. Relations between Great Britain and Ireland: Proposals of British Government and Correspondence between Mr. Lloyd George and Mr. de Valera. November, 1921.
169. Washington Conference on the Limitation of Armaments. December, 1921.
170. Treaties of Peace between the United States on the one hand and Germany, Austria and Hungary on the other. January, 1922.
171. Peace through Conferences: Address delivered by Mr. Lloyd George at Central Hall, Westminster, London, on January 21, 1922 and text of the resolution of the Supreme Council calling the Genoa Conference. February, 1922.
172. Washington Conference on the Limitation of Armament. Part II. Treaties and Resolutions. March, 1922.

Copies of the above, so far as they can be spared, will be sent to libraries and educational institutions for permanent preservation postpaid upon receipt of a request addressed to the Secretary of the American Association for International Conciliation.

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- I. CORRESPONDENCE BETWEEN MR. LLOYD GEORGE
AND SIR JAMES CRAIG ON THE POSITION OF
ULSTER.
- II. ARTICLES OF AGREEMENT ESTABLISHING THE
IRISH FREE STATE.
- III. IRISH FREE STATE (AGREEMENT) BILL.



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No. 173

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The Association endeavors to avoid, as far as possible, contentious questions, and in particular questions relating to the domestic policy of any given nation. Attention is to be fixed rather upon those underlying principles of international law, international conduct, and international organization, which must be agreed upon and enforced by all nations if peaceful civilization is to continue and to be advanced. A list of publications will be found on page 37.



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I

CORRESPONDENCE BETWEEN MR. LLOYD
GEORGE AND SIR JAMES CRAIG ON
THE POSITION OF ULSTER

(Reprinted from the *London Times*, December 14, 1921)

THE PRIME MINISTER TO SIR JAMES CRAIG

10 Downing Street,

November 10, 1921.

My dear Prime Minister,

1. The time has arrived when formal consultation between His Majesty's Government and the Government of Northern Ireland is necessary for the further progress of the Irish negotiations. The settlement towards which His Majesty's Ministers have been working, and which they believe is not unattainable, is closely based upon the proposals made by his Majesty's Government on July 20 last.

2. Such a settlement would comprise the following main principles:

(a) Ireland would give her allegiance to the Throne and would take her place in the partnership of Free States comprised in the British Empire.

(b) Provision would be made for those naval securities which His Majesty's Government deem indispensable for Great Britain and her oversea communications.

(c) The Government of Northern Ireland would retain all the powers conferred upon her by the Government of Ireland Act.

(d) The unity of Ireland would be recognized by the establishment of an All-Ireland Parliament, upon which would be devolved the further powers necessary to form the self-governing Irish State.

3. Northern Ireland will no doubt see many dangers in a settlement on these lines. It may be objected, for instance, that the patronage involved in the various common departments, such as the post office, customs and excise, might be unfairly exercised on religious and other grounds; or again, that, though Ulster would retain control of its education and kindred subjects, the Irish Government would be in a position to withhold the funds necessary to defray the administrative cost. Moreover, it might be feared that if the All-Ireland Parliament were to control import and export trade, the industries of Ulster would be imperiled.

4. His Majesty's Government recognize the force of these objections, and desire to consider, in consultation with yourself and your Cabinet, how they can best be met. They invite your Cabinet to discuss with them the best means of dealing with these and similar matters, in particular:

(a) The appointment of officials within the area of Northern Ireland in departments subject to the All-Ireland Parliament.

(b) The collection of revenue within the area of Northern Ireland.

(c) Measures for safeguarding the exports and imports of Northern Ireland against the imposition of discriminating duties and its citizens from invidious taxation.

His Majesty's Ministers believe that arrangements can be embodied in the Agreement now in view whereby these difficulties can be met.

5. The question of the area within the special jurisdiction of the Northern Parliament we have reserved for discussion with you. The creation of an All-Ireland Parliament would clearly further an amicable settlement of this problem.

6. His Majesty's Government are fully aware of the objections which the people of Northern Ireland may feel to participation on any terms in an All-Ireland Parliament. They have, therefore, been examining some of the alternatives, and their consequences. Their study has convinced them that grave difficulties would be raised for both parts of Ireland if the jurisdiction over the reserved subjects were not conferred upon a common authority.

In the first place, customs barriers would have to be established between Northern and Southern Ireland over a jagged line of frontier. The inconvenience of this arrangement would be considerably enhanced by the fact that there must of necessity be large elements of the population on both sides whose sympathies will lie across the border. The natural channels of trade would be arbitrarily obstructed. The difficulty of working any such arrangement would be unceasing, the cost considerable, and the vexation to traders continuous.

In the second place, the finance of the Government of Ireland Act would necessarily have to be recast. It is the essence of Dominion status that the contribution of a Dominion towards Imperial charges is voluntary. If Northern Ireland were part of the Irish State its contribution would be voluntary, like those of the

Dominions. On the other hand, if Southern Ireland became a Dominion while Northern Ireland remained a part of the United Kingdom with the essential corollary of representation in the Imperial Parliament, it is clear that the people of Northern Ireland would have to bear their proportionate share of all Imperial burdens, such as the army, navy, and other Imperial services, in common with the taxpayers of the United Kingdom. The members for Northern Ireland at Westminster would otherwise be voting for policies in Parliament the expense of which they would not share. It would be inevitable, if Northern Ireland were to remain a part of the United Kingdom, for Belfast to bear the same burdens as Liverpool, Glasgow, or London.

These illustrations are by no means exhaustive, but they are sufficient to show the kind of difficulties which must arise from the grant of Dominion powers to a part of Ireland only.

7. It will be evident that the people of Great Britain are making important sacrifices for the sake of a settlement. Heavily burdened though Great Britain is, the Government, with the full consent of public opinion at home and throughout the Empire, is offering to forego her right to exact from Ireland any contribution to future Imperial expenses. Single-handed, the British nation assumes responsibility for Imperial defence, except in so far as Ireland and the Dominions may resolve of their own free will to contribute to the cost.

8. His Majesty's Government have purposely reviewed the problem in broad outline only. The details of any settlement cannot be satisfactorily approached except by discussion between all parties concerned.

It is not possible by correspondence to deal adequately with even the main features of the question as it now stands, and His Majesty's Government cordially invite the Ministers of Northern Ireland to meet them in conference with a view to a full and frank exchange of views.

Yours sincerely,

D. LLOYD GEORGE.

The Rt. Hon. Sir James Craig.

SIR JAMES CRAIG TO THE PRIME MINISTER

Constitutional Club, Northumberland Avenue,

November 11, 1921.

My dear Prime Minister,

1. The outline of proposals towards a settlement of the Irish question submitted by you on behalf of His Majesty's Government in your communication of the 10th instant has been carefully considered by me in consultation with my colleagues in the Government of Northern Ireland, on whose behalf I have the honour to submit to you the following considerations in reply thereto:

2. (a) The question of giving their allegiance to the Throne does not arise in the case of the people of Ulster, as they have always been amongst His Majesty's most loyal and devoted servants, but they will gladly embrace any opportunity that may be afforded them of emphasizing afresh their loyalty to His Majesty's Crown and Person, which was so signally displayed on the occasion of the opening of the Parliament of Northern Ireland by His Majesty in June last. It

has always been the desire of Northern Ireland to remain in the closest possible union with Great Britain and the Empire, which Ulstermen have helped to build up, and to which they are proud to belong.

The Government of Northern Ireland feel constrained to observe that it is with surprise they find the question of allegiance to the Throne and membership of the British Empire included among the heads of your proposals, inasmuch as it has more than once been unequivocally stated by yourself in published correspondence with the representatives of Southern Ireland that these two fundamentals were not open for discussion. The Government of Northern Ireland, having made their own position clear, hold that the attitude of Southern Ireland towards these points is a matter which, as it affects the solidarity of the Empire, rests with His Majesty's Ministers to decide. At the same time, it would, of course, be a matter of satisfaction to the Government of Northern Ireland and to the loyal population they represent to feel assured that the permanent allegiance of the people of Southern Ireland to His Majesty, and their enduring participation in the partnership of the British Empire, were no longer in question.

(b) Not only does Northern Ireland assent to provision being made for those naval services which His Majesty's Government deem indispensable for Great Britain and her oversea communications, but will be ready at any time to cooperate to the utmost of her ability in any measures that may be taken for such purpose.

(c) As a final settlement and supreme sacrifice in the interests of peace, the Government of Ireland Act of 1920 was accepted by Northern Ireland, although

not asked for by her representatives. My colleagues and I are surprised that you should think it necessary to emphasize the fact that you do not propose to take away any of the powers given to us so lately as last year. We observe with considerable concern, notwithstanding this assurance, that in paragraph 5 of your communication the area within the jurisdiction of the Northern Parliament is referred to as being open to possible revision. This question was very carefully and fully considered in all its aspects when the Government of Ireland Act was under discussion in Parliament last year. The area finally decided upon is defined in the Act, and it forms no less essential a part of the Act than the powers conferred upon the Northern Parliament.

(d) The possible unity of Ireland is provided for by the establishment of the Council of Ireland under the Act of 1920, together with the machinery for creating a Parliament for All-Ireland should Northern and Southern Ireland mutually agree to do so. The proposal now made to establish an All-Ireland Parliament by other means presupposes that such agreement is not necessary. An All-Ireland Parliament cannot under existing circumstances be accepted by Northern Ireland. Such a Parliament is precisely what Ulster has for many years resisted by all the means at her disposal, and her detestation of it is in no degree diminished by the local institutions conferred upon her by the Act of 1920. The Government of Northern Ireland deem it unnecessary to enumerate here the reasons for this repugnance, of which, as stated in paragraph 6 of your communication, His Majesty's Ministers are fully aware; but they must observe that the objection of Northern

Ireland to participation in an All-Ireland Parliament, so far from being weakened, has been materially strengthened by recent events in other parts of Ireland, to which it is unnecessary more particularly to refer.

It is an objection that goes deeper than the consideration referred to in paragraph 3 of your communication.

The Government of Northern Ireland consider it their duty, in order to avoid misunderstanding, to say that their inability to accept an All-Ireland Parliament does not depend merely on the question of safeguards in regard to administrative details such as those referred to in paragraphs 3 and 4 of your communication. They are certain that no paper safeguards could protect them against maladministration. The feelings of the loyal population of Ulster are so pronounced and so universal on this point that no Government representing that population could enter into any conference where this point is open to discussion. For these reasons, therefore, they feel compelled to state that any discussion would be fruitless unless His Majesty's Ministers consent to the withdrawal of the proposal for an All-Ireland Parliament.

3. The Government of Northern Ireland are fully alive to the difficulties referred to in paragraph 6 of your communication, but they cannot agree that the only way, or the best way, of surmounting those difficulties under existing circumstances is by conferring jurisdiction over the reserved subjects upon a common authority. His Majesty's Ministers assume that the only alternative to such an arrangement is that, while the status of a Dominion should be given to Southern Ireland, Northern Ireland would

remain a part of the United Kingdom, with the essential corollary of representation in the Imperial Parliament, and certain financial and other disadvantages which Northern Ireland, as compared with Southern Ireland, would suffer under such an arrangement are pointed out.

There is another alternative which His Majesty's Ministers do not appear to have considered. It is that the reserved powers, instead of being entrusted to a common authority, should be conferred on the Government of Southern and of Northern Ireland within the areas of their respective jurisdictions. The principle underlying the Government of Ireland Act of 1920 was equality of status and of powers for the two Governments in Ireland, and this principle should, in the opinion of the Government of Northern Ireland, be observed in the transfer of reserved services.

If the plan here suggested were followed, it would obviate the chief difficulty referred to in paragraph 6 of your communication.

It is true that it might involve Northern Ireland losing her representation in the Imperial Parliament, but while Northern Ireland would deplore any loosening of the tie between Great Britain and herself, she would regard the loss of representation at Westminster as a less evil than inclusion in an All-Ireland Parliament. It is realized that if the alternative here suggested were adopted, the contribution of Northern Ireland, as also of Southern Ireland, to the cost of Imperial services would be voluntary, as in the case of the overseas Dominions. The proved loyalty of Northern Ireland to the British Empire is a sufficient guarantee that she would not evade this obligation, and the Government of Northern Ireland are con-

vinced that by this plan the Imperial Exchequer would have better security for a contribution from Ireland to the cost of Imperial services than if it depended on a voluntary contribution from an All-Ireland Parliament, the majority of whose members would not be likely to be animated by sentiments of affection for Great Britain.

It will be seen, therefore, that the Government of Northern Ireland are prepared to accept three out of the four proposals put forward by His Majesty's Government. The fourth proposal they are unable to accept for the reasons stated, and they respectfully invite the attention of His Majesty's Government to the alternative suggestions here submitted.

In conclusion, the Government of Northern Ireland desire to express their firm conviction that the time has not yet arrived when the cause of peace in Ireland, which they fervently desire to further by all means in their power, can be promoted by establishing an All-Ireland Parliament. Such a Constitution can only come from mutual confidence, and when the time for it comes the provisions of the Act of 1920 will prove sufficient for the purposes of bringing it into existence.

Yours sincerely,

JAMES CRAIG.

The Rt. Hon. David Lloyd George, O.M., M.P.

THE PRIME MINISTER TO SIR JAMES CRAIG.

November 14, 1921.

My dear Prime Minister,

We have received with great regret your refusal to enter into conference with us unconditionally. To demand as between two sets of Ministers of the Crown a preliminary limitation on freedom of discussion is contrary to the spirit of mutual loyalty and co-operation which animates His Majesty's Governments in all parts of the Empire.

We regret it the more because your counter-proposal that Southern and Northern Ireland should be constituted two separate Dominions is, in our judgment, indefensible.

We are opposed to it, in the first place, on the ground of broad Imperial principle. To create two Dominions in Ireland, one of twenty-six and one of six counties, would fundamentally change the existing system of Imperial organization. The status of the Dominions, both nationally and internationally, is based upon the gradual amalgamation of large territories and scattered colonies in natural units of self-government. We could not reasonably claim place for two Irelands in the Assembly of the League of Nations or in the Imperial Conference. If Ireland is represented in either institution it must be preferably Ireland as a whole, or, failing the whole, that part of it which has the largest population and area. To demand the same national and international status for six Irish counties separately is a proposal which we could not reconcile with the Empire's internal and foreign interests.

Your proposal would, in our opinion, be equally injurious from the domestic standpoint of the British

Isles, both financially and commercially. The erection of two systems of national government in these islands is sufficiently beset with difficulties. His Majesty's Government have determined to face these difficulties for the sake of peace at the heart of the Empire, and the ultimate unity of Ireland. Neither of these objects would be served by the erection of three national governments, involving three systems of customs and excise, three rates of income-tax, and three currencies. The injury of such a treble system to the trade of Great Britain would be considerable; to that of Ireland it would be ruinous. That the business community of Northern Ireland would endorse such a proposal when once they had realized its implications, appears to us inconceivable.

All experience proves, moreover, that so complete a partition of Ireland as you propose must militate with increasing force against that ultimate unity which you yourself hope will one day be possible. The existing state of central and southeastern Europe is a terrible example of the evils which spring from the creation of new frontiers, cutting the natural circuits of commercial activity, but when once such frontiers are established, they harden into permanence. Your proposal would stereotype a frontier, based neither upon natural features nor broad geographical considerations, by giving it the character of an international boundary. Partition on these lines the majority of the Irish people will never accept, nor could we conscientiously attempt to enforce it. It would be fatal to that purpose of a lasting settlement on which these negotiations from the very outset have been steadily directed.

We cannot, finally, overlook the effect of your

proposal upon the welfare of the minorities both in Southern and Northern Ireland. In both parts of Ireland there are considerable communities cut off from the majority of those to whom they are bound by faith, tradition and natural affinity. The majority in Southern Ireland have a strong sense of responsibility for their co-religionists in the six counties. The minority there have an equal interest in your sympathy and support.

The considerations which I have outlined make free interchange of ideas between us essential, and we sincerely trust that you will not persist in making preliminary conditions upon matters which can only be properly explored in conference. I hope, therefore, that you will come and see me at your earliest convenience.

I am yours sincerely,

D. LLOYD GEORGE.

The Rt. Hon. Sir James Craig.

SIR JAMES CRAIG TO THE PRIME MINISTER.

Constitutional Club,

17th November, 1921.

My dear Prime Minister,

In your letter of the 14th instant you express regret that my colleagues and I have found it impossible to meet you in formal conference so long as your proposal that we should agree to the establishment of an "All-Ireland Parliament" was open to discussion.

To enter the conference on such a condition would in our view be dishonest, since we know that in no circumstances would Ulster accept such a position,

involving permanent subordination to Sinn Fein. We are strongly convinced that it could only tend to make settlement more difficult and encourage false hopes if, even by implication, we discussed a condition which cannot be conceded.

In your letter of the 10th instant you indicated an alternative but made no mention of the course suggested in our reply. We urged that if you are resolved upon the complete fiscal separation of Ireland from the rest of the United Kingdom, the same equality of treatment as between Northern and Southern Ireland should be maintained in dealing with the reserved services as has been pursued with regard to the services already transferred under the Act of 1920.

You now mention various objections to our proposal and suggest that Ulster would be led to economic ruin if she were separated from Southern Ireland. You have apparently overlooked the fact that your proposal to break the fiscal unity of the United Kingdom would involve the fiscal separation of Ulster from Great Britain, with which 90 per cent. of her trade is, directly or indirectly, conducted. Can it be doubted that more harmonious trade relations will result between Great Britain and Ulster by the control of these matters being in our own hands rather than in the hands of an All-Ireland Parliament dominated by Sinn Fein, which during the past twelve months has enforced a trade boycott against Northern Ireland? As to the question of currency, we view with grave concern your proposal to establish a separate Irish currency. We are confident that commercial and banking interests will refuse to endorse such a proposal once they realize its implication.

We concur with the view that the creation of new frontiers tends to harden into permanence. Why, then, seek to establish such a frontier between Great Britain and Ireland? If, however, you are determined upon such a policy, is it not better to grant to Ulster the status of a separate Dominion, and thus ensure a firm and abiding link between Northern Ireland and the Mother Country? That being granted, we would be most happy to entrust to Great Britain the safeguarding of our common interests in the Imperial Conference and the League of Nations.

You point out the great difficulties of creating a Northern Dominion in Ireland, and you refer to this as our counter-proposal. That description is not quite accurate. We feel that the arguments you use as objections to two Dominions apply with equal force to the creation of one. We only put forward our suggestions because we are convinced that if you once violate the fiscal unity of the United Kingdom it makes relatively little difference to create two new units instead of one.

Your proposal involved the placing of Ulster under Sinn Fein, which is an insurmountable difficulty. I desired to be helpful by pointing out a method by which, if this concession is to be made to the South and West, it can also be made to the North, without creating the grave results I have indicated. But you must not argue from that that we in the slightest degree modify our convictions that your own proposals embodied in the Act of last year are the only safe and sound plan both for Great Britain and for Ireland.

To sum up, if you force Ulster to leave the United Kingdom against the wishes of her people, she desires to be left in a position to make her own fiscal

and international policy conform as nearly as possible with the policy of the Mother Country, and to retain British traditions, British currency, British ideals, and the British language, and in this way render the disadvantages entailed by her separation from Great Britain as slight as is possible.

We are resolved to set such an example of good government and just administration within our jurisdiction as shall inspire the minority in our midst with confidence, and we hope lead eventually to similar conditions being established throughout the rest of Ireland.

Our position having been made perfectly clear in this and our former letter, if you hold the opinion that any good purpose can be served by my seeing you for the interchange of ideas I shall be at your disposal when I return from the dedication of the Ulster Battlefield Memorial at Thiepval on Monday next.

In conclusion, my colleagues and I desire again to represent with all respect that in our opinion it is of great importance that full publicity shall be given to our respective views forthwith, so as to put an end at once to the campaign of misrepresentation in the press to which Mr. Austen Chamberlain, equally with ourselves, takes great exception.

Yours sincerely,

JAMES CRAIG.

The Rt. Hon. D. Lloyd George, O.M., M.P.

THE PRIME MINISTER TO SIR JAMES CRAIG.

10 Downing Street,

November 18, 1921.

My dear Craig,

I am very sorry to see from the papers that you are suffering from an attack of influenza. I can only hope that it is not a severe attack, and that we shall soon hear of your complete recovery. In these circumstances I do not propose to trouble you with a lengthy answer to your letter of yesterday. When you are fully recovered let us meet, as you suggest at the end of that letter, for an informal talk. We can then see how to get over the difficulties which seem to stand in the way of a conference free from all conditions.

I should be greatly obliged if you would leave over the question of publication until we meet. There are obvious difficulties which ought to be discussed fully between us before any decision is taken.

I am yours sincerely,

D. LLOYD GEORGE.

The Rt. Hon. Sir James Craig.

SIR JAMES CRAIG TO THE PRIME MINISTER.

Grosvenor Hotel, S.W.1.,

20th November, 1921.

My dear Prime Minister,

Very many thanks for your letter of the 18th instant, and for your kind inquiries after my health. I am better and hope to be able to return to Ulster on Thursday night.

I shall be glad to meet you for an informal conversation before I go back any time you may appoint on Wednesday.

I readily agree to defer publication until after our meeting, but in view of the assembly of the Parliament of Northern Ireland on the 29th instant you will, I feel sure, agree with me that publication is essential before that date, and that all the correspondence should be published, beginning with your first invitation to me and my reply thereto. By this it will be made quite plain to the public that it is not on our part that there has been the refusal to enter into conference with you, but that it is the Sinn Fein delegates who have refused to let us take part unless we do so in a subordinate position to themselves.

I should also have to let our Parliament be informed whether Sinn Fein was prepared to give allegiance to the Crown without reservation, which was one of the conditions of your invitation, or whether their consent to do so is still withheld and made dependent on your first having procured the consent of Ulster to an All-Ireland Parliament.

Yours sincerely,

JAMES CRAIG.

The Rt. Hon. D. Lloyd George, O.M., M.P.

THE PRIME MINISTER TO SIR JAMES CRAIG.

December 5, 1921.

My dear Prime Minister,

I enclose Articles of Agreement for an Irish Settlement which have been signed on behalf of His Majesty's Government and of the Irish Delegation. You will observe that there are two alternatives between which the Government of Northern Ireland is invited to choose. Under the first, retaining all her existing powers, she will enter the Irish Free State with such additional guarantees as may be arranged in conference. Under the second alternative she will still retain her present powers, but in respect of all matters not already delegated to her will share the rights and obligations of Great Britain. In the latter case, however, we should feel unable to defend the existing boundary, which must be subject to revision on one side and the other by a Boundary Commission under the terms of the Instrument.

I have only to add that I shall be glad to arrange for an early meeting of the conference contemplated in Article 15, or for any preliminary or less formal discussion which you may desire with my colleagues and myself.

Ever sincerely,

D. LLOYD GEORGE.

The Rt. Hon. Sir James Craig.

II

ARTICLES OF AGREEMENT ESTABLISH- ING THE IRISH FREE STATE

(Reprinted from the *London Times*, December 7, 1921)

ARTICLE I

Ireland shall have the same constitutional status in the Community of Nations known as the British Empire as the Dominion of Canada, the Commonwealth of Australia, the Dominion of New Zealand, and the Union of South Africa with a Parliament having powers to make laws for the peace, order, and good government of Ireland, and an Executive responsible to that Parliament, and shall be styled and known as the Irish Free State.

ARTICLE II

Subject to the provisions hereinafter set out the position of the Irish Free State in relation to the Imperial Parliament and Government and otherwise shall be that of the Dominion of Canada, and the law, practice and constitutional usage governing the relationship of the Crown or the representative of the Crown and of the Imperial Parliament to the Dominion of Canada shall govern their relationship to the Irish Free State.

ARTICLE III

The representative of the Crown in Ireland shall be appointed in like manner as the Governor-General of Canada and in accordance with the practice observed in the making of such appointments.

ARTICLE IV

The oath to be taken by Members of the Parliament of the Irish Free State shall be in the following form:

I . . . do solemnly swear true faith and allegiance to the Constitution of the Irish Free State as by law established and that I will be faithful to His Majesty King George V., his heirs and successors by law, in virtue of the common citizenship of Ireland with Great Britain and her adherence to and membership of the group of nations forming the British Commonwealth of Nations.

ARTICLE V

The Irish Free State shall assume liability for the service of the public debt of the United Kingdom as existing at the date hereof and towards the payment of war pensions as existing at that date in such proportion as may be fair and equitable, having regard to any just claims on the part of Ireland by way of set-off or counter-claim, the amount of such sums being determined in default of agreement by the arbitration of one or more independent persons being citizens of the British Empire.

ARTICLE VI

Until an arrangement has been made between the British and Irish Governments whereby the Irish

Free State undertakes her own coastal defence, the defence by sea of Great Britain and Ireland shall be undertaken by His Majesty's Imperial Forces, but this shall not prevent the construction or maintenance by the Government of the Irish Free State of such vessels as are necessary for the protection of the revenue or the fisheries.

The foregoing provisions of this article shall be reviewed at a conference of representatives of the British and Irish Governments to be held at the expiration of five years from the date hereof with a view to the undertaking by Ireland of a share in her own coastal defence.

ARTICLE VII

The Government of the Irish Free State shall afford to His Majesty's Imperial Forces:

(a) In time of peace such harbour and other facilities as are indicated in the Annex hereto, or such other facilities as may from time to time be agreed between the British Government and the Government of the Irish Free State; and

(b) In time of war or of strained relations with a foreign power such harbour and other facilities as the British Government may require for the purposes of such defence as aforesaid.

ARTICLE VIII

With a view to securing the observance of the principle of international limitation of armaments, if the Government of the Irish Free State establishes and maintains a military defence force, the establishments thereof shall not exceed in size such proportion of the

military establishments maintained in Great Britain as that which the population of Ireland bears to the population of Great Britain.

ARTICLE IX

The ports of Great Britain and the Irish Free State shall be freely open to the ships of the other country on payment of the customary port and other dues.

ARTICLE X

The Government of the Irish Free State agrees to pay fair compensation on terms not less favourable than those accorded by the Act of 1920 to judges, officials, members of police forces and other public servants who are discharged by it, or who retire in consequence of the change of government effected in pursuance hereof.

Provided, that this agreement shall not apply to members of the Auxiliary Police Force or to persons recruited in Great Britain for the Royal Irish Constabulary during the two years next preceding the date hereof. The British Government will assume responsibility for such compensation or pensions as may be payable to any of these excepted persons.

ARTICLE XI

Until the expiration of one month from the passing of the Act of Parliament for the ratification of this instrument the powers of the Parliament and the Government of the Irish Free State shall not be exercisable as respects Northern Ireland, and the provisions of the Government of Ireland Act of 1920 shall, so

far as they relate to Northern Ireland, remain of full force and effect, and no election shall be held for the return of members to serve in the Parliament of the Irish Free State for constituencies in Northern Ireland, unless a resolution is passed by both Houses of the Parliament of Northern Ireland in favour of the holding of such elections before the end of the said month.

ARTICLE XII

If before the expiration of the said month an address is presented to His Majesty by both Houses of the Parliament of Northern Ireland to that effect, the powers of the Parliament and the Government of the Irish Free State shall no longer extend to Northern Ireland, and the provisions of the Government of Ireland Act of 1920 (including those relating to the Council of Ireland), shall, so far as they relate to Northern Ireland, continue to be of full force and effect, and this instrument shall have effect subject to the necessary modifications.

Provided, that if such an address is so presented, a Commission consisting of three persons, one to be appointed by the Government of the Irish Free State, one to be appointed by the Government of Northern Ireland, and one who shall be Chairman, to be appointed by the British Government, shall determine, in accordance with the wishes of the inhabitants, so far as may be compatible with economic and geographic conditions, the boundaries between Northern Ireland and the rest of Ireland, and for the purposes of the Government of Ireland Act of 1920, and of this instrument, the boundary of Northern Ireland shall be such as may be determined by such Commission.

ARTICLE XIII

For the purpose of the last foregoing article, the powers of the Parliament of Southern Ireland under the Government of Ireland Act of 1920 to elect members of the Council of Ireland shall, after the Parliament of the Irish Free State is constituted, be exercised by that Parliament.

ARTICLE XIV

After the expiration of the said month, if no such address as is mentioned in Article XII hereof is presented, the Parliament and Government of Northern Ireland shall continue to exercise as respects Northern Ireland the powers conferred on them by the Government of Ireland Act of 1920, but the Parliament and Government of the Irish Free State shall in Northern Ireland have in relation to matters in respect of which the Parliament of Northern Ireland has not power to make laws under that Act (including matters which under the said Act are within the jurisdiction of the Council of Ireland) the same powers as in the rest of Ireland, subject to such other provisions as may be agreed in manner hereinafter appearing.

ARTICLE XV

At any time after the date hereof the Government of Northern Ireland and the provisional Government of Southern Ireland, hereinafter constituted, may meet for the purpose of discussing the provisions, subject to which the last foregoing Article is to operate in the event of no such address as is therein mentioned being presented, and those provisions may include:

(a) Safeguards with regard to patronage in Northern Ireland;

(b) Safeguards with regard to the collection of revenue in Northern Ireland;

(c) Safeguards with regard to import and export duties affecting the trade or industry of Northern Ireland;

(d) Safeguards for minorities in Northern Ireland;

(e) The settlement of the financial relations between Northern Ireland and the Irish Free State;

(f) The establishment and powers of a local militia in Northern Ireland and the relation of the defence forces of the Irish Free State and of Northern Ireland respectively;

and if at any such meeting provisions are agreed to, the same shall have effect as if they were included amongst the provisions subject to which the powers of the Parliament and the Government of the Irish Free State are to be exercisable in Northern Ireland under Article XIV hereof.

ARTICLE XVI

Neither the Parliament of the Irish Free State nor the Parliament of Northern Ireland shall make any law so as either directly or indirectly to endow any religion or prohibit or restrict the free exercise thereof or give any preference or impose any disability on account of religious belief or religious status, or affect prejudicially the right of any child to attend a school receiving public money without attending the religious instruction at the school, or make any discrimination as respects State aid between schools under the management of different religious denominations, or divert from any religious denomination or any educational institution any of its property except for public utility purposes and on payment of compensation.

ARTICLE XVII

By way of provisional arrangement for the administration of Southern Ireland during the interval which must elapse between the date hereof and the constitution of a Parliament and Government of the Irish Free State in accordance therewith, steps shall be taken forthwith for summoning a meeting of members of Parliament elected for constituencies in Southern Ireland since the passing of the Government of Ireland Act of 1920, and for constituting a provisional Government, and the British Government shall take the steps necessary to transfer to such provisional Government the powers and machinery requisite for the discharge of its duties, provided that every member of such provisional Government shall have signified in writing his or her acceptance of this instrument. But this arrangement shall not continue in force beyond the expiration of twelve months from the date hereof.

ARTICLE XVIII

This instrument shall be submitted forthwith by His Majesty's Government for the approval of Parliament and by the Irish signatories to a meeting summoned for the purpose of the members elected to sit in the House of Commons of Southern Ireland and, if approved, shall be ratified by the necessary legislation.

Signed on behalf of the British delegation:

LLOYD GEORGE,
AUSTEN CHAMBERLAIN,
BIRKENHEAD,
WINSTON S. CHURCHILL,
L. WORTHINGTON-EVANS,
HAMAR GREENWOOD,
GORDON HEWART.

On behalf of the Irish delegation:

ART O GRIOBHTHA

(ARTHUR GRIFFITH).

MICHEAL O COILEAIN

(MICHAEL COLLINS).

RIOBARD BARTUN

(ROBERT C. BARTON).

E. S. O DUGAIN

(EAMON J. DUGGAN).

SEORSA GHABHAIN UI DHUBHTHAIGH

(GEORGE GAVAN DUFFY).

6th December 1921.

ANNEX

1. The following are the specific facilities required:

Dockyard Port at Berehaven

(a) Admiralty property and rights to be retained as at the date hereof. Harbour defence to remain in charge of British care and maintenance parties.

Queenstown

(b) Harbour defences to remain in charge of British care and maintenance parties. Certain mooring buoys to be retained for use of His Majesty's ships.

Belfast Lough

(c) Harbour defences to remain in charge of British care and maintenance parties.

Lough Swilly

(d) Harbour defences to remain in charge of British care and maintenance parties.

Aviation

(e) Facilities in the neighbourhood of the above ports for coastal defence by air.

Oil Fuel Storage

(f) Haulbowline	{	To be offered for sale to commercial companies under guarantee that purchasers shall maintain a certain minimum stock for Admiralty purposes.
Rathmullen		

2. A Convention shall be made between the British Government and the Government of the Irish Free State to give effect to the following conditions:

(a) That submarine cables shall not be landed or wireless stations for communication with places outside Ireland be established except by agreement with the British Government; that the existing cable landing rights and wireless concessions shall not be withdrawn except by agreement with the British Government; and that the British Government shall be entitled to land additional submarine cables or establish additional wireless stations for communication with places outside Ireland.

(b) That lighthouses, buoys, beacons, and any navigational marks or navigational aids shall be maintained by the Government of the Irish Free State as at the date hereof, and shall not be removed or added to except by agreement with the British Government.

(c) That war signal stations shall be closed down and left in charge of care and maintenance parties, the Government of the Irish Free State being offered

the option of taking them over and working them for commercial purposes subject to Admiralty inspection and guaranteeing the upkeep of existing telegraphic communication therewith.

3. A Convention shall be made between the same Governments for the regulation of Civil Communication by Air.

III

IRISH FREE STATE (AGREEMENT) BILL
(Official Text)

A Bill to give the force of Law to certain Articles of Agreement for a Treaty between Great Britain and Ireland, and to enable effect to be given thereto, and for other purposes incidental thereto or consequential thereon.

Be it enacted by the King's most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows:

1. (1) The Articles of Agreement for a Treaty between Great Britain and Ireland set forth in the schedule to this Act shall have the force of law as from the date of the passing this Act.

(2) For the purpose of giving effect to Article 17 of the said Agreement, Orders in Council may be made transferring to the Provisional Government established under that Article the powers and machinery therein referred to, and as soon as may be after the passing of this Act the Parliament of Southern Ireland shall be dissolved and such steps shall be taken as may be necessary for holding, in accordance with the law now in force with respect to the franchise number of members and method of election and holding of elections to that Parliament, an election of members

for the constituencies which would have been entitled to elect members to that Parliament, and the members so elected shall constitute the House of the Parliament to which the Provisional Government shall be responsible, and that Parliament shall, as respects matters within the jurisdiction of the Provisional Government, have power to make laws in like manner as the Parliament of the Irish Free State when constituted.

(3) No writ shall be issued after the passing of this Act for the election of a member to serve in the Commons House of Parliament for a constituency in Ireland other than a constituency in Northern Ireland.

2. This Act may be cited as the Irish Free State (Agreement) Act, 1922.

Editor's Note: The British Parliament was called in special session on December 14 to discuss the Irish Free State Treaty, and a resolution of ratification was embodied in the Address from the Throne, which after a two-day debate was accepted by both Houses. A resolution to approve the treaty was accepted by the Dail Eireann on January 9 by a vote of 60-48. The Parliament of Southern Ireland ratified the treaty on January 14. The Irish Free State (Agreement) Bill of 1922, introduced in the British House of Commons on February 9, passed its third reading March 8, by a vote of 295-52.

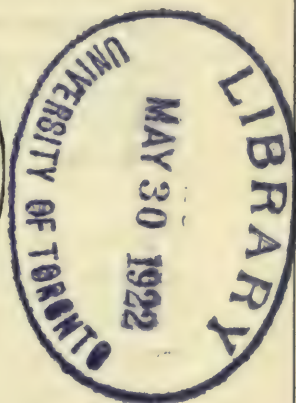
INTERNATIONAL CONCILIATION

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THE INTERNATIONAL CHAMBER OF COMMERCE

By FREDERICK P. KEPPEL

Administrative Commissioner for the United States



MAY, 1922

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AMERICAN ASSOCIATION FOR INTERNATIONAL CONCILIATION
EDITORIAL OFFICE: 407 WEST 117TH STREET, NEW YORK CITY
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It is the aim of the Association for International Conciliation to awaken interest and to seek cooperation in the movement to promote international good will. This movement depends for its ultimate success upon increased international understanding, appreciation, and sympathy. To this end, documents are printed and widely circulated, giving information as to the progress of the movement and as to matters connected therewith, in order that individual citizens, the newspaper press, and organizations of various kinds may have accurate information on these subjects readily available.

The Association endeavors to avoid, as far as possible, contentious questions, and in particular questions relating to the domestic policy of any given nation. Attention is to be fixed rather upon those underlying principles of international law, international conduct, and international organization, which must be agreed upon and enforced by all nations if peaceful civilization is to continue and to be advanced. A list of publications will be found on page 25.

Subscription rate: Twenty-five cents for one year, or one dollar for five years.

THE INTERNATIONAL CHAMBER OF COMMERCE

By FREDERICK P. KEPPEL

Administrative Commissioner for the United States

No single factor in the whole range of international conciliation is quite so important as that of the relations between business men of different countries. Here the most frequent and the most continuous contacts are made, and nowhere is the international mind more needed.

Economic problems have, furthermore, taken the place of problems of religion and of dynasty as offering the greatest danger of future wars, and misunderstanding and bitterness of spirit among business men are therefore doubly dangerous.

While there are, of course, exceptions in certain countries and in certain trades, in general, business men have not been organized for cooperation either nationally or internationally. As a result, they have never, as such, had a voice in world affairs in the sense that labor has had a voice, or science. This has proved particularly unfortunate now that economics has come to occupy the center of the field of attention. Too many diplomats and legislators are amateur economists, and the world sorely needs a check on their well-meaning but often ill-advised efforts.

To meet this international need of giving business a voice, international congresses of Chambers of Commerce had been held, beginning in 1906 and con-

tinuing until 1914, when some two thousand delegates assembled in Paris. Between these congresses, little or nothing was accomplished, and such momentum as the congress had developed was soon lost. The meetings were, of course, interrupted by the war. After the Armistice the men interested in the movement, recognizing the ineffectiveness of intermittent effort, sought to correct this by providing a continuously operating nucleus, and continuous contact between that nucleus and a wide-spread membership.

The idea of an International Chamber of Commerce, instead of a series of congresses of Chambers, took birth at the great International Trade Conference held at Atlantic City on the invitation of the National Chamber of Commerce of the United States, in November, 1919. Committees of American, British, French, Italian and Belgian business men, appointed at that time, came together at Paris in June, 1920, adopted a constitution, and organized an international headquarters in Paris. The first annual meeting of the International Chamber of Commerce was held in London, June, 1921.

The function and organization of the Chamber, as expressed in its constitution, are as follows:

"To facilitate the commercial intercourse of countries, to secure harmony of action on all international questions affecting finance, industry and commerce, to encourage progress and to promote peace and cordial relations among countries and their citizens by the cooperation of business men and organizations, devoted to the development of commerce and industry.

"The International Chamber is a confederation of the main economic forces of the countries included in its membership, united in each country by a national organization.

"Its principal features are:

A council;
General meetings;
National committees;
International headquarters.

"Its means of action are:

Conferences of experts;
Referenda;
Inquiries of economic nature and publication of the results thereof;
Such other means of action as may from time to time be found desirable."

It must be recognized that this program is not only a vital one but it is a peculiarly difficult one to put into operation. It would be impossible to overestimate the extent to which prostration, not only physical but spiritual, followed the war; but had there been no war the world would, in any case, be facing the necessity for profound changes in its way of doing things. Business laws and business habits were developed under conditions fundamentally different from those which exist today. Quantity production, the scramble for raw materials, the wireless, the airplane and many other new factors would all have had to be reckoned with in any event, and new bottles found for the new wine.

The plan of organization of the International Chamber was not created *a priori*, but developed from the experience of the business men of the United States in building up their great National Chamber of Commerce. Modifications, naturally, had to be made to meet the international problems of the new organization but, in general, the scheme is that of the American

National Chamber. The entire voting power lies in the organization members, each organization member being itself a Chamber of Commerce, a trade association or other grouping organized for the general good and not for financial profit. Each member has one or more votes, according to its size and character, and contributes proportionately towards the expenses of the Chamber. In addition, there are associate members—firms or individuals—without votes, but entitled to the services of the Chamber and to participation in its discussions.

Strictly speaking, countries or nations are not members of the International Chamber, but in order that any country may be represented in the directing body—the Council—that country must already have organized a national group, accepted by the Chamber as representative of its financial, industrial and commercial interests. In some countries such a group already existed; in most it had to be created, either *de novo* or by a grouping of existing organizations. The financial interests, in general, had to be tied in to a closer organization with the manufacturing and commercial.

This national group, or a committee selected by it, has the following functions: To name directors and alternates to serve on the Council of the International Chamber; to nominate members for the International Committees; to recommend for election candidates for organization and associate membership in the Chamber; and to express a national opinion upon any matter of international importance coming before the Chamber.

The number of directors from each country depends upon the amount of its external commerce-

Most have the maximum number, three; one country has two, and four have one director each. The Council decides as to the affiliation of new national groups; it elects members; it approves the plans for general meetings and follows up the work of meetings already held. It appoints such committees as may be required and exercises a general oversight over international headquarters.

The personnel of the general headquarters, at present established in Paris, 33, rue Jean-Goujon, consists of the President and the Secretary-General and his staff. Resident administrative commissioners, appointed by the several national committees, are in daily contact with the work of the headquarters.

In general, the functions of the international headquarters are:

1. To carry out the specific instructions of the general meetings and the Council;
2. To organize the administrative work of the Council and Committees;
3. To provide a service of research and information;
4. To conduct a campaign of education regarding matters of international business interest; and
5. In general, to maintain the closest possible contact with the membership, both directly and through the National Committees.

None of these bodies can commit the International Chamber to any policy or to any expression of judgment, nor can they modify the existing constitution or by-laws. Power of action in these fields lies with the organization members, expressed either through their votes at a general meeting, in the adoption of resolutions or amendments to the constitution, or by their replies to a referendum upon any subject ap-

proved by the Council and distributed to the membership by mail.

This type of organization has certain definite advantages. In the first place, provision is made for continuity of policy and action, and for constant and fruitful communication between the central administrative body and organizations and individuals representative of each nation. Under it the Chamber should be able to build up a program of increasing importance and range, but at the same time the danger of purely personal or local enthusiasm is properly safeguarded.

The most significant fact, however, is the independence of the International Chamber from government control or government influence. This has not been as easy to accomplish and maintain as an American reader might suppose, because all through Europe the Chambers of Commerce of the different cities have quasi-governmental relations and functions; for example the 50 centimes and 1 franc notes, with which recent visitors to Paris are only too familiar, are issued not by the government or by the municipality but by the Chamber of Commerce of Paris. It is, furthermore, the habit throughout Europe to appeal for government subsidies for any work of public interest, and the insistence of the American organizers of the International Chamber that funds must come from membership fees and not from appropriations was at first not understood. It is now becoming generally realized, however, that complete independence is the only condition under which the Chamber can grow to its full influence and really serve to express the business man's point of view, and the other countries are making renewed efforts to provide their share of

the necessary expenses through additions to the membership lists.

Perhaps it will give a better understanding of how the machinery works if a single case, one of several which might be selected, is followed through its various steps. At the organization meeting in Paris, 1920, a resolution was adopted favoring the establishment of an international system of commercial arbitration. The Council authorized the appointment of a committee on this subject, the members being suggested by the various national groups. This committee studied the question, particularly with a view to profiting by the experience of existing systems of trade arbitration, as for example the code for general arbitration established between the business men of North and South America and the special systems in the cotton, silk and other industries. Through the Administrative Commissioners it obtained the judgment of the various national committees upon the question, and it soon developed the inherent difficulties of the situation, due in the main to the fact that while some nations believe in the necessity of legal enactment to carry out the terms of an arbitral decision, others prefer to rely upon the moral sanction which can be exerted by business organizations upon a recalcitrant member. The committee drafted and re-drafted codes of arbitration to meet the situation as they saw it, and submitted their final draft to one of the major group committees of the Chamber, engaged in preparing the program of the forthcoming annual meeting, that on Distribution. This committee presented these codes for consideration by the Distribution group at London. It should be noted that in the organization of the annual meetings, each proposal for action is

debated in the appropriate group meeting (Finance, Production, Transportation, Distribution, etc.) before being brought up for vote at a general meeting of the Chamber. After a thorough discussion by the Distribution group, a resolution was formulated and presented for vote at a general session. This resolution, which was adopted unanimously, approved in principle the work of the special committee; it delegated to the Council the authority for putting a scheme of arbitration into operation, but it requested a further study of the details of organization and provided that the final draft embodying the results of such further study should be approved by the Council before the plan goes into operation. During the summer, the special committee has been reconvened; it has taken into consideration all the suggestions developed in the discussion at the group meeting; it has consulted other experts in the field; it made a detailed report of progress to the Council, and has been instructed to bring in the codes as finally amended for approval in March.

At this London Congress thirty-six countries were represented. As the result of a week's deliberation, twenty-seven resolutions were unanimously adopted. These resolutions indicate the range of the interests of the members of the Chamber. They may be briefly summarized as follows:

- I. Urging relief from double taxation on international trade, and specifying certain principles looking toward such relief.
- II. Supporting the Ter Meulen plan for export credits.
- III. Endorsing the recommendations of the Brussels Financial Conference, and making specific recom-

mendations in the interests of rectifying and stabilizing foreign exchange.

- IV. Recommending the abolition of restrictive measures upon foreign banks.
- V. Recommending an early study of the problem of conflicting legislation regarding bills of exchange.
- VI. Encouraging economy of fuel.
- VII. Cooperating with existing agencies in the development of standardization.
- VIII. Recommending the discouragement of government control and the encouragement of private enterprise in all lines of industry and commerce.
- IX. Encouraging all movements calculated to lessen waste in raw materials.
- X. Providing for the development of industrial sections in the International Chamber, and cooperation with existing industrial international organizations.
- XI. Urging the principle of freedom of export throughout the world for the basic raw materials (other than food).
- XII. Subject to the receipt of special funds, authorizing a survey of the construction industry throughout the world.
- XIII. Authorizing the establishment of an International Bureau of Statistics in raw materials.
- XIV & XV. Dealing with commercial arbitration.
- XVI & XVII. Looking toward international protection of industrial property, including trade-marks.
- XVIII. Authorizing a committee in the interests of unification of tariff nomenclature.
- XIX. In favor of reciprocity of treatment for commercial travellers.

- XX. Urging moderation in import and export tariffs.
- XXI. Approving in principle the convocation of an International Congress on Calendar Reform.
- XXII. Supporting the action of the Barcelona Conference on freedom of communications and of transit.
- XXIII. Urging improvement of transportation facilities:
 - a.* As to a Channel tunnel between England and France, and the inauguration of sea-train ferries, where feasible.
 - b.* For international freight train service.
 - c.* For cooperation between business men and governments for the improvement of telegraph and telephone facilities.
- XXIV. Looking toward the unification of commercial practice:
 - a.* In the measurement of ships' tonnage.
 - b.* In facilitating combined transport by rail and sea.
 - c.* By uniformity in bills of lading.
 - d.* Regarding dangerous merchandise.
 - e.* In the definition of trade terms.
 - f.* Regarding port conditions and charges.
- XXV. Looking to the removal of obstacles to commerce:
 - a.* In the creation of additional free zones in sea-ports.
 - b.* For the restoration and extension of International Postal Service.
 - c.* For the return to pre-war conditions regarding passports and visas.
- XXVI & XXVII. In the interest of the restoration of the devastated regions, urging the completion of the reparation agreement, and the appointment of an International Financial Committee to study the conversion of the German bonds, etc., also authorizing a study of the reconstruction situation in Poland.

During the one year of the Chamber's active existence, the membership roll has grown to three hundred and eighty-five organization and five hundred and twenty-eight associate members. National Committees are organized in the following countries: Argentina, Austria, Belgium, Czecho-Slovakia, Denmark, France, Great Britain, Italy, Luxembourg, the Netherlands, Poland, Spain, Sweden and the United States, and they have designated their representatives in the Council of the Chamber. Other countries maintain close relations with international headquarters, and the following will soon complete the formalities for national representation: Greece, Indo-China, Japan, Norway and Switzerland.

The International Chamber has inaugurated a campaign of education, looking toward the better organization of the business interests of each country and, as has already been pointed out, has succeeded in bringing together for a common purpose, often for the first time, the best representatives of commerce, finance and industry. It has established personal contacts of inestimable value, and it has developed friendly and mutually helpful relations with other international organizations. It has laid a foundation, through technical studies and conferences leading to mutual understanding, for the solution of some of the most irritating and dangerous of the present handicaps to international trade. Its service of information, already modestly started with a series of digests and abstracts of matters of world interest, and by specific researches at the request of individual members, should soon grow to a point where the members can regard their dues, not only as a contribution to a good cause, but as a practical investment.

The Chamber should look forward to collecting, through its national representatives, and distributing broadcast, accurate and disinterested information regarding business conditions throughout the world, and to bringing pressure to bear, where necessary, on business organizations and firms in support of a high standard of business ethics. It should be able before long, by bringing about mutual concessions and agreements, to simplify and clarify many steps in international business procedure which are now unnecessarily complicated and time-consuming.

Probably the last field in which it will exert a direct and controlling influence will be upon governments, but there is no reason for a lack of confidence as to ultimate success in this field also. The Chamber of Commerce of the United States started its campaign for a national budget at Washington eight years ago, and its efforts have only just been crowned with success.

It should be noted that the handicaps under which international trade is now suffering are not entirely due to legislation, but perhaps even more to executive orders, decrees and rulings made by government officials. Due to the necessity for prompt decisions during the war, officials greatly increased the range of their discretionary powers, sometimes in accordance with legislation on the subject, more often without such legislation; and, in general, they have shown great reluctance to return to their former narrower functions. This means that the relations of the Chamber, both direct and through its National Committees, bring it into contact not only with legislatures but with a great number of administrative officials. The hope of early accomplishment in the field of adminis-

trative reforms is, on the whole, brighter than in the case of legislative reforms.

The Chamber is still poor in this world's goods; in fact, it must give up many fruitful fields of endeavor for this reason. It has, however, been richly served in the presence and continued interest of men of real significance in world affairs. The best known experts in finance, in transportation, in manufacturing and in merchandizing have gladly accepted membership on the International Committees, and have worked hard upon them. The attendance at committee, council and general meetings has been uniformly good, and the five hundred delegates who attended the annual meeting left London with the conviction that on the human side the experiment of establishing an International Chamber has already been fully justified.

Financially, it is to be hoped that the Chamber will soon receive from memberships, its sole source of income, at least three times its present revenue. It could spend that sum, and more, in the interest of international good will and understanding without reaching the average cost of *one minute* of the Great War.

INTERNATIONAL CHAMBER OF COMMERCE

33, rue Jean-Goujon, Paris (8°)

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M. Etienne Clementel

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Phi Beta Kappa address at Columbia University,
March 16, 1922

BY JAMES T. SHOTWELL



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It is the aim of the Association for International Conciliation to awaken interest and to seek cooperation in the movement to promote international good will. This movement depends for its ultimate success upon increased international understanding, appreciation, and sympathy. To this end, documents are printed and widely circulated, giving information as to the progress of the movement and as to matters connected therewith, in order that individual citizens, the newspaper press, and organizations of various kinds may have accurate information on these subjects readily available.

The Association endeavors to avoid, as far as possible, contentious questions, and in particular questions relating to the domestic policy of any given nation. Attention is to be fixed rather upon those underlying principles of international law, international conduct, and international organization, which must be agreed upon and enforced by all nations if peaceful civilization is to continue and to be advanced. A list of publications will be found on page 20.

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STUDENT LIFE

Since colleges and universities were begun, I suppose that no year has passed without some such function as this; a sort of farewell appraisal of the student's world and an initial glance at the Great Adventure just beyond. And I doubt, as well, if those who mysteriously direct that student's world have ever let the occasion slip by without some drowsy address upon the value of the disciplines which have been inflicted and endured, and the great theme of education as a whole. Although your organization has been in existence only for a little over a century, the ceremony which has brought us here has therefore its antecedents in some seven centuries of European history. Now there is one advantage which a historic occasion offers us; if the event itself be too much—or too long—with us, as we drowse, our minds can find release and sometimes inspiration, in the long perspectives of the past which this suggestion opens up, no matter what the present offers it.

One can imagine an event like this in the days when the students of Abelard gathered with him by the walls of mediaeval Paris and looked down from Mont Sainte Geneviève at the rising towers of the cathedral of Notre Dame, dreaming of the world of affairs, whose noise they could faintly hear, whose growing power they could see symbolized in the new pomp and splendor of the kings of France. Year after year, as journeymen of the guild of learning, out they passed into the great world. And year by year the grave doctors—masters in the guild—assembled to see them go. Or in old

Bologna, turbulent Bologna, where the students were supposed to rule,—it must have been an awful place,—one can imagine those earliest students of the law turning their faces to the Alps, eager to carry to the Germanic north the principles and precepts of the ancient Roman jurists and so win their way in the councils of princes or the Empire, yet pausing for a last academic function on some afternoon like this, when March brings the fruit-tree blossoms to Romagna. It has been the same in the gray cloisters of old Oxford, ever since those cloisters were begun. So, if the subject which I have chosen, as befitting the occasion, is old and threadbare, you can at least take comfort in the fact that the affliction is and always has been a last discipline of the spirit for those who are soon to escape this kind of discipline,—or rather to exchange it for other ills they know not of.

This is not meant as an apology; for there is no apology due the inevitable.

Our subject is The Student and The Citizen. Let me begin with the student. There is a mediaeval student song, written by some vagabond student, some unknown goliard of the thirteenth century:

“*Gaudeamus igitur*

Juvenes dum sumus” . . .

“Let us rejoice, while we are still young.”

They sing it still at old Heidelberg when twilight fills the forests by the Neckar; you may hear it in Paris on the rue des Écoles, and we sing it by the Hudson. It is the national, or international, song of student life. I expect it will be sung by students until that distant day approaches when Latin ceases to be a ready means of intercourse among students, and then it will continue like those unintelligible chants of the Arval brotherhood in ancient Rome, and in sonorous if meaningless jargon still carry along for centuries the message of student life. Whatever universal tongue succeeds it, *Gaudeamus igitur* will be the theme and content of student song.

The college life is the same the world over. It is youth at its best; at its richest years, awake to the keenest impressions, with high heart and imagination brimming over. The high-ways of the world lie before it, inviting, alluring, their hardships untried, their far horizons beautiful. You who today look forward from the open gateway along the vista that seems—but is not, alas!—illimitable, know well the charm of that life you are bidding farewell. They are idyllic years behind you, filled with companionship, a little work, a great deal of hope; and the certainty of life's realities just beyond. It is an interval of poetry in the prose of life. But prose too may have its compensations. While some of it is of that dullness which lulls one to old age without worthy accomplishment—the mean monotony of useless living,—yet some of it again may be of the very fire of moral combat, and some of the sombre stuff of tragedy. From this world of prose, I wish first to turn in judgment upon these years just completed, and then to look around us at what is to come.

THE LIFE OF THE STUDENT

Now the first thing to get straight is that student life and the life of the student are by no means identical. Instances have been known, even, where they had nothing in common. So it may be worth while to delay a moment here to see just what the life of the student implies. It need not keep us long, however, for we have more real problems ahead.

Emerson's Essay on History—a fitting subject for such a theme—furnishes the text. "There is one mind common to all individual men. Every man is an inlet to the same and to all of the same. He that is once admitted to the right of reason is made a freeman of the whole estate. What Plato has thought he may think; what a saint has felt he may feel; what at any time has befallen any man he can understand. Who hath access to this universal mind is a party to all that is or can be done." . . .

The student's life shares the heritage of the world's culture. When you stop to think about it, what a wonderful process

it is. Take the different disciplines as we have them and examine them for what they are. Literature for example, in which the race maintains the immortality of thought. It puts one into contact with the best that has found utterance. One moment we are using Homer's or Dante's words, another Shakespeare's; we learn the medium of their speech and their minds (as Emerson says) think inside of ours. The winged words fly forever. A single phrase "the wine-dark sea" brings up the whole Homeric legend. We look with Homer's heroes over the blue Aegean to the high walls of Troy. So the old masters have touched the whole world of experience with the magic of creative art and worked the casual and incidental over into things of beauty, monumental and enduring. But literature is more than formal expression. It includes as well the broken fragments of the less articulate ages, which, gathered up by the thoughtful student and pieced together, may also be keyed to the symphony of the whole. So up and down the literatures of the world the student may go, living over the moods they reflect, the experiences they describe. This contact is more vital than we suspect. Men make pilgrimages to Weimar, but Goethe's thought and life is as spaceless now as it is timeless. Stratford is not Shakespeare's home, but every brain that treasures Hamlet. This is commonplace enough; but we keep forgetting.

Take philosophy. What suggestiveness the student may get, not simply from perusing learned pages of speculations about speculations or from the disciplines of logic, but simply from becoming aware of the mind at play upon itself. What an epoch-making event it was in the evolution of our race when the brain began to think back upon itself, catching faint glimpses of its own reality, as through some broken mirror. So, as we face the problems of philosophy, we live over again that long and obscure struggle which developed organs of the instincts into instruments of reason. Psychology opens the gateway for our understanding, and philosophy, at play within, ranges all experience, until it stands mute before its last unsolved problem.

But of all the widening vistas there is none so alluring as that which science offers. We are so close to its results that we fail to realize how they have re-made our conception of the world. What would Aristotle have said had he been able to attend your courses in chemistry, and see air and water divided into separate gases! With what amazement he would have seen the solid earth disintegrate before the physicist's analysis! Even Newton's universe is no longer true. Instead of dead weights of matter hung in a void of space by forces which he first began to measure, we know now that the universe is filled with moving forces, quivering with energy; that the space between the stars—no longer immeasurable—is a theatre of motion which makes the universe one. Out of the undulatory theory of light we follow a development which ends in radio-activity. The atom ceases to be a stable basis for matter, but becomes the arena for incalculable forces, and there are those who go so far as to imagine that the one reality back of all our changing phenomena is nothing but motion itself,—energy before whose everlasting power the rocks dissolve, the earth itself melts away like a phantom. Such is but one of the reconstructions of our new knowledge, which we owe to the scientists as we appropriate their wealth of experiment, their long researches and investigation in the few hours of a single college course.

Or take history. How the centuries spread out before one! How the unreal past takes on reality, its activity touching our own energies with the vital spark from Rome or Greece or France or England. The past becomes not merely a haunted palace for the imagination. It exists in the present. We have all the rich heritage of thousands of years of striving,—our liberties, our laws, our arts,—the stuff into which life incessantly transmutes itself. The true study of history makes no museum of the past; it vivifies the present and gives it meaning. Even religion, as we study it, becomes a vast complex of survivals. We use a Babylonian week, a Christmas of the sun-god Mithras, a Teutonic Woden's day. We use altars or imitations of them, like the sacred stones piled over an Arab corpse. Our prayer is the idealization of sacrifice.

There is no subject in all the wide range of knowledge which does not become transformed when investigation is wedded to reflection, and even a little learning is robbed of its danger by the philosophic mind.

THE LIMITATIONS OF KNOWLEDGE

Now that is a glimpse of what the student's life is or may be. But I should like to emphasize this afternoon rather what it is not. There is a great danger that those who have had these opportunities might over-estimate them, and imagine that they cover a larger part of life than they really do. It is natural to suppose that because one has absorbed these interesting experiences, responded to the stimulus of college associations with their widening outlook and lengthening perspectives, that he has achieved something really notable. In reality, he has only just begun. If there be any subject in which his investigations bring him to the confines of knowledge, that subject must itself be in its infancy.

Run once more over those subjects we have just passed in review. Literature has by no means unlocked its full significance in the first reading in a classroom. The text itself is but a small part of the message of the old masters. Take Dante for example. Who can understand the *Divina Commedia* without a knowledge of the Italy of the twelfth century, of the philosophy of Thomas Aquinas and the cosmology of Ptolemy? Otherwise a thousand allusions escape one; the poem remains dumb on many themes which open when one has the key. Even Milton cannot be properly understood unless one knows the Ptolemaic universe he depicted. When Satan escapes from the gates of Hell and spreads his "sail-broad vans" for flight up through the mists of chaos, and sees . . . "the world in bigness as a star

Hung by the crescent moon" . . .

it is not our earth but the whole universe, sphere within sphere, glimmering like a spark across the waste. One needs to know much more than texts.

But literature itself is at its best inadequate. What a small and insignificant fraction of life it portrays! What experiences eternally elude it, what imaginative dreams, what records of achievement and outlook! Compared with reality it is a feeble medium imperfectly conveying its message. And yet it is the greatest of the arts, the most versatile expression of which mankind is capable.

The same is true of philosophy. The great problems elude it. We come with animal equipment to play with phenomena. And we imagine we find reality when we put a capital letter on Truth. Really, in spite of psychology and philosophy, life faces the mystery, aware of itself, but aware, as well, of the futility of much of its own insistent questioning.

As for science, we are like the cave men, just emerging from prehistoric caves, our animal minds attempting to solve by experiment where experience fools us. What is this world we are in? We do not know. It is as much a mystery as ourselves. We weigh and name and classify, and we get some feeble grip upon reality by our ability to manipulate matter and energy. We have the electric forces of the world somewhat in our control and we connect time and space with the few things we can handle, and call it our world. But, as science moves forward and extends the frontiers of knowledge, the horizon of mystery enlarges as well with each new extension of the known. For the more one widens a circle the greater the stretch of its contact with what lies outside. Once mankind believed it was the centre of the universe. We have given up that idea; but if we cannot be at the centre we move over to the edge, and the expectant, eager movement of science as it steadily pushes forward inspires and enheartens us. But after all, it gets but a very little way.

History is, if anything, still more inadequate; for while science grapples with laws and so partly masters its phenomena, history deals with events, which are themselves the results of experiments outside its field. Cause and effect have here to be measured through the distorting medium of personality. Forces which are often impersonal in origin move the mass

along, as gravitation carries a stream to the sea; but the current, vast and unified as it seems to the eye, is a turbulent complex of eddying lives. To detect reality here one must add to science art. It is not enough to gather up a few associated facts which happen together and adhere to an event as mud sticks to a boot, and label them cause and effect. Yet much of what passes for history is of this kind, the record of what the documentary sources preserve, without any sense of their inherent inadequacy. History needs all the associated social sciences, and more: the psychologist to emphasize the human media that react to stimuli, the economist to analyze the material forces, the scientist and the engineer who growingly enlarge the scope of intelligence and the capacity for adjustment. Sociologists have been trying to make the connection here; but since the problem is one in Time, in dynamics rather than in statics, it is really the problem of history.

It is surely unnecessary to pursue this theme farther. Literature, science, philosophy or history are as yet but feeble guesses at the merest externals of things. Humanity is only just beginning to be intelligent. With millions of years of gibbering unintelligence still haunting our brains, we look out at the world and life like little children. Much of our heritage—beautiful as it often is—is only make-believe. Under these conditions the first duty of the student is humility.

EDUCATION AS SOMETHING MORE THAN LEARNING

If education were merely the acquisition of knowledge, it would be relatively futile. It is of little value to master facts for facts' sake. Education means a discipline of the mind which enables it to face new problems with confidence, no matter in what shape they present themselves. It does not mean that a man should carry knowledge around with him for the mere pedantic pleasure of being better off than other men. However rich the heritage we make our own, it is still more important to be masters of ourselves. It is our capacity

for future development which is the real measure of education. If every one of us were to stop now with the contacts we have established with literature, art or science, if we were to stop now and discard our implements of study as the undergraduates sometimes burn their text book bridges at the end of the year, just how helpless would that leave us as we meet new problems and the need for adjusting ourselves to new stimuli?

There is one thing more important even than learning itself,—it is the development of initiative. I believe the student's life which sacrifices this for knowledge may be largely written down as failure. To string dead facts on ever so beautiful a necklace is hardly a task for a grown man. Repetition is a second rate process at best; initiative involves creation.

Who knows what changing front the future will present? One thing is sure, it will not reproduce the past. And you who face it, will stand dumb and powerless in the path of each new imperious problem, unless education has taught more than learning. He leads who has initiative. He follows who has not.

Yet there is much in our college work which seems designed to stifle this very vital element. The student submits to the authority of text book or teacher with as patient a submission as ever shone among monastic virtues. The "Middle Ages" are still with us most of the time. My own students used to be quite content when I assigned the limits of the next day's lesson from line 9 on page 7 to line 10 on page 17; they were mostly bewildered and non-plussed when I refused to make an exact assignment. The day has now come for those of you who have finished your work here, when no one will be assigning line 9 on page 7; or if there is, he will likely keep you forever to that page.

Initiative does not mean merely doing things that others leave undone. There are too many busybodies in the world already at just such jobs. Initiative implies discrimination, sorting out on the basis of past experience the things worth

doing and discovering the way to do them. Discrimination is essential; it is the first requisite of the intelligent mind. It is the mark of the student. Without it, no matter what energy we bring to our work, we shall just be adding commonplace to commonplace, life through.

But the thoughtfulness which discriminates brings something besides discretion. It is most worth while just for itself. One of the most obvious of our failings as a nation is our eternal search for amusement. We lack the resources of the thoughtful. There are not many of our fellow citizens who can enjoy thinking at the close of a busy day. We need no society for the suppression of thought; those who think we do would suffer least. Thought is not dangerous, provided there is enough of it, and the cure for too little is more. But I shall deal with its social uses later. What I want to emphasize here is the personal side of it, the value of it to the user. It is the high privilege of the student that he can stimulate thought by thought, and the mind responds with a sense of play as it grapples with the problems which life presents.

THE CITIZEN

But now let me turn to the other half of our subject. For you, who are leaving the formal discipline of studentship to become the members of a great work-a-day democracy,—an economic democracy in any case,—it is really as a citizen that the chief problems now present themselves. Citizenship is a recent acquisition. It is very hard for us to realize how recently the privilege has become ours. Democracy is one of the last creations of civilization. It is, by a paradox which few appreciate, the product of capital, rather than of labor. We had labor in the world for untold centuries without democracy. But when its product became fluid and the relations of society became impersonal and dynamic, democracy was at last possible.

There was, of course, a wonderful foretaste of it once in the ancient world. I sometimes wonder what it would have been like to wander up and down the streets of Athens in the days

of Pericles, to join the throng in the agora, to meet the men of creative genius whom that time and city called out,—those with the vision immortal. And yet I am sure that if the best of the Greeks of Periclean Athens were to be present here now, they would admit that the democracy of which they were so proud members offered no such challenge to their minds as this our own; that the city of New York was itself more wonderful even as an art creation than the city of the Parthenon. Our city is not monumental but dynamic, the embodiment of the forces of change, learning to express itself in that architecture of engineering which combines power with beauty. Its society, despite the crudeness of its outer forms,—often so crude as to be grotesque,—is a wonderfully adjusted mechanism, which somehow goes. Do not imagine that this city—or any city—is governed solely or even chiefly from a city hall. It is governed by the forces which hold society together, which have come out more or less into our consciousness in the struggle of man with man, of society with society, and of both with the forces of nature, through all the long centuries. There is something of the ancient city-state in our municipal freedom, something of Roman law in our treatment of rights and obligations, something of British representative government and of French logic and criticism in the form and structure of our institutions; and the Slav and the Semite, the German and the Italian who appropriate this heritage add to it from their own.

The mysteries of philosophy can be matched by those of politics; but the citizen seldom bothers over the riddles it presents. As a result, the Sphinx often exacts its penalty, the penalty for all mal-adjustments, which is destruction. The best security for the state is in the intelligence of its citizens.

As the city is the epitome of civilization, we come back to the point with which we began; that it is mostly the creation of recent times. The long, slow progress of the past was nothing to what has been done since science re-made production. The Industrial Revolution is the largest single element

in history, conditioning our entire social life and with it our political structure. That being so, the great enterprise of democracy is still in its experimental stage; and our whole civilization, marvellously articulated and delicately adjusted as it is, may easily face catastrophe. Russia has shown that. I do not suggest that civilization should not move ahead, growingly aware of its own shortcomings. But progress does not come by a rejection of our cultural heritage. In short, the citizen needs just that discrimination between the real and the futile which is the chief qualification of the student.

THE WAR

But all our citizenship of this generation is conditioned by the war. It is useless for us to pretend, as most of us have tried to do, that we can get rid of it by forgetting it. It has been my business since the war to visit those countries in western Europe which have suffered most, and to study what the war cost them; and I cannot let this occasion go without reminding you of what it has meant. It was not merely that it sent to the shambles ten millions of young men, dreaming dreams such as we contemplate here, of high hope, eager to enter in the great arena of peaceful life; it was not merely the shocking tragedy of their death; but in addition, it was the criminal disturbance of ordered social life. I wonder if we realize what happened in Europe when those marching armies broke the spell of peace. It meant that the structure of society, which we have been describing, was broken down; that in every home, in every peaceful hamlet the processes of production gave place to those of destruction. We forget how slight has been the yearly addition to the wealth or comfort of the working classes. The vast masses of mankind have been able to wring little more from fate than the pittance that keeps soul and body together. But by thrift and energy they slowly accumulate the little objects which form the family's balance of comfort, the rugs on the floor, the china in their closets, the pictures on the wall, their Sunday clothes

and ornaments. The little store, hard won in the long grim battle with poverty, is the symbol of their most intimate aspiration. Since the Industrial Revolution and the exploitation of the whole world's resources, this hoard has been growing most hopefully, drawn from the distant seas and the scarcely less beautiful products of the factory. And with the increase in possession came a lessening of the hours of labor, affording some slight interval, in the drudgery of work, for the enjoyment of life.

It was this fabric of hope that the war tore apart. Destruction reached far beyond the range of guns. Disguised for a time under the form of spurious prosperity, it diverted the world's production, so that, for a generation at least, we shall all be poorer for it. Poorer in mind as well. For the "post-war slump" is more than a temporary weakness. It harbors other ills as well; there is a rigidity of temper which makes international adjustments difficult just when they are most needed. The sense of insecurity breeds militarism. Patriotism carried to the extreme of folly may subside in time, but even as late as last summer the barbed wire was across the bridges on the Danube along the frontier of Hungary; and the armies of south-eastern Europe were only half demobilized.

But do not imagine that it is the war-stricken countries of Europe which are most in danger. No other nation confronts a graver crisis than our own. We have acquired power and power brings with it responsibility. There is no way to separate them; they come together and they go together. We have so far shown that we can, upon occasion, rise to the full measure of our international responsibility; but recently we have been shirking, shirking with all kinds of plausible excuses. I am not dealing with party politics but with a nation's duty. While we pass judgment upon the mistaken policies of the countries of the old world, our own is at the bar of history, and I fear the verdict. Perhaps we hardly realize our opportunities, what we might do without entanglement by the mere force of our unique wealth in an impoverished world, by the mere example of disinterestedness. I found as

I travelled in part of Europe—the part that needs rehabilitation most—that there was a tendency to ask—plaintively but insistently—for advice and guidance, informal but just “American” in affairs of state as well as in business. It is almost incredible what America might do to establish the liberties it helped to save.

I do not mean that America can offer Europe a higher idealism than Europe is capable of. That is one of the crudest of our mistakes. We were under the impression—most of us—and we tried to impress other nations with our impression, that we were bringing back ideals to a bankrupt world which had lost its soul in the midst of conflict. But three years of peace have left us as little of our idealism as four years of war in Europe. Moreover, much of our idealism was useless from the first, because so far removed from reality. Unless it can be applied and made to work in a real world, it becomes atrophied and dies. It takes a sense of the dull earth and the groping of purblind but passionate men, to make the Dream a moving force in history. We misjudged events because our standards were not tested by experience; but our disillusionment was no reason for quitting. It is, instead, the reason for beginning again.

LIBERTY AND RESPONSIBILITY

I want to emphasize that word—responsibility. I find, looking down the history of political theory, every slogan but that. Liberty, equality, fraternity, representation in government, everything but responsibility. Yet if there is one thing that should be clear to anyone analyzing the implication of these demands of the body politic, it is that the complement of liberty is responsibility—or anarchy. When we take over the power of kings we do not leave sovereignty in a vacuum. We take it for our own and exercise its prerogatives. Otherwise society dissolves.

One day last December I saw a historic spectacle. It was the meeting of the British Parliament which had been specially summoned to learn the terms of the Treaty with Ireland. By

good fortune and the kindness of a Cabinet secretary, I secured a ticket for the House of Commons. Dense crowds had assembled along the route from Buckingham Palace to Parliament Square to watch the King and Queen go by, and the mediaeval pomp and pageantry of the procession. It was a spectacle which no other country can now produce, a page of romance—a richly illuminated page—drawn from the still intact, still unbound volume of British history. Lords and ladies of the household, peers and high dignitaries in their robes, state carriages and powdered footmen, they seemed to have stepped out of a past century, like the figures in a Lord Mayor's show. And then came Royalty, the King-Emperor and Queen, riding inside a glass and gold-crowned coach drawn by its eight black horses with their gilded harness and trappings, accompanied by the stately horseguards in armor and pipeclay leather as from the days of Prince Rupert, and the Tudor beef-eaters from the Tower. No wonder all London was looking on. France has seen nothing like it since 1789; the Hohenzollern and the Habsburg are gone; this was the only great empire left in the heart of its traditions. But a still more striking scene awaited me inside St. Stephens. Some minutes later, looking down the gangway which reaches from the Commons to the Lords, I saw through the open doors of the House of Lords, Royalty enthroned! It was just a passing glimpse but there they sat, draped figures in silent but colorful dignity, waiting to play their little part in the ceremony. Then down this gangway came their messenger, the Gentleman Usher of the Black Rod, with his attendants, to summon the Commoners to hear the King's speech. As he came up to the doors of the House of Commons, the great oak doors swung to, closing in his face. Then he knocked with his rod for admittance, and from the other side after asking him his business and receiving the answer that he came to ask them to listen to the King's speech, they opened the door again and the members flocked past, following the Speaker, and the Premier and those of his Cabinet who had helped write the speech they were to hear!

A few hours later Lloyd George laid before the House the treaty which was to end the union with Ireland. The most significant part of his speech was where, anticipating the challenge that he was endangering the country by dealing with rebels, he reminded the Commons that it was hardly fitting that it should object to recognizing the right of rebellion. The liberties of Britain, of the House itself had been won in rebellion; the constitution rested on rebellion and had consecrated its results. It was a notable and elevated passage; and as I listened to it, the significance of the little incident in the morning, when the door had been shut in the face of the King's messenger, became clear. It was something more than the symbol of the sovereignty of the nation, as represented in the Commons. It was a reminder of the fact that the responsibilities of liberty had been assumed with liberty itself. For when the House of Commons excluded the monarch, it took for itself as the chief of its prerogatives those very attributes of royalty which had led to rebellion, namely the taxing power, the right to exact money from the citizen. Thus the English learned, long ago, to identify responsibility with liberty and themselves with the government. It was their great contribution to the political experience of the world; more than anything else it is this which distinguishes British from continental politics. It would be a sad future for this country, nourished in these traditions, if it were to revert to the continental outlook, which tends to regard government as a thing apart, a *deus ex machina*, a providence or an improvidence related to citizenship only by externals at elections. The fundamental test of political maturity is a nation's attitude toward the tax collector. What we need above all is a sense of the intimate connection of government with ourselves. We have talked too much of patriotism in the abstract, and not enough about public spirit in the concrete,—the responsibilities which freedom brings.

Finally, the responsibility of citizenship makes double demands upon the student. It demands in the first place that he rid himself of the academic mind and turn from books

to life itself. He can do this if he has developed initiative and alertness of intelligence. If he succeeds, it will be because of the saving grace of humility, of which I spoke above, by which he divests himself of the pedantry of mere learning. But, along with the adjustable mind, there must be as well that moral fibre which strengthens in adversity, true to its ideals. Equipped with these, the student who goes out today through the open doors of his college, may contribute definitely toward the solution of the most pressing problems of this tragic time. Beyond the aftermath of war, with its lingering national hatreds and mal-adjustments, its physical and moral suffering, he may point the way to policies of peace.

LIST OF PUBLICATIONS

Nos. '1-161 (April, 1907, to April, 1921). Including papers by Baron d'Estournelles de Constant, George Trumbull Ladd, Elihu Root, Barrett Wendell, Charles E. Jefferson, Seth Low, John Bassett Moore, William James, Andrew Carnegie, Pope Pius X, Heinrich Lammasch, Norman Angell, Charles W. Eliot, Sir Oliver Lodge, Lord Haldane, Alfred H. Fried, James Bryce, and others; also a series of official documents dealing with the European War, the League of Nations, the Peace Conference, and with several of the political problems resulting from the War. A list of titles and authors will be sent on application.

162. Addresses on German Reparation by the Rt. Hon. David Lloyd George and Dr. Walter Simons, London, March 3rd and 7th, 1921. May, 1921.
163. The Fiftieth Anniversary of the French Republic. June, 1921.
164. Convention for the Control of the Trade in Arms and Ammunition, and Protocol, signed at Saint-Germain-en-Laye, September 10, 1919. July, 1921.
165. Addresses at the Fifteenth Annual Meeting of the American Society of International Law, by the Hon. Elihu Root. August, 1921.
166. Constitution of the Permanent Mandates Commission; Terms of the "C" Mandates; Franco-British Convention of December 23, 1920; Correspondence between Great Britain and the United States Respecting Economic Rights in the Mandated Territories; The San Remo Oil Agreement. September, 1921.
167. Present Problems of the Commonwealth of British Nations: Conference of Prime Ministers and Representatives of the United Kingdom, the Dominions and India, held in June, July and August. October, 1921.
168. Relations between Great Britain and Ireland: Proposals of British Government and Correspondence between Mr. Lloyd George and Mr. de Valera. November, 1921.
169. Washington Conference on the Limitation of Armaments. December, 1921.
170. Treaties of Peace between the United States on the one hand and Germany, Austria and Hungary on the other. January, 1922.
171. Peace through Conferences: Address delivered by Mr. Lloyd George at Central Hall, Westminster, London, on January 21, 1922, and text of the resolution of the Supreme Council calling the Genoa Conference. February, 1922.
172. Washington Conference on the Limitation of Armament. Part II. Treaties and Resolutions. March, 1922.
173. Correspondence between Mr. Lloyd George and Sir James Craig on the Position of Ulster; Articles of Agreement establishing the Irish Free State; Irish Free State (Agreement) Bill. April, 1922.
174. The International Chamber of Commerce, by Frederick P. Keppel, Administrative Commissioner for the United States. May, 1922.
175. The Student and the Citizen, Phi Beta Kappa address at Columbia University, March 16, 1922, by James T. Shotwell. June, 1922.

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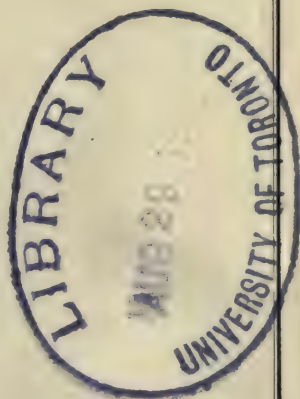
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THE PORTOROSE CONFERENCE

- I. THE PORTOROSE CONFERENCE, by James T. Shotwell
- II. AN ACCOUNT OF THE PORTOROSE CONFERENCE, by the American Observer, Colonel Clarence Browning Smith
- III. PROTOCOLS AND AGREEMENTS CONCLUDED AT THE PORTOROSE CONFERENCE, November, 1921
- IV. AGREEMENT CONCERNING PASSPORTS AND VISAS CONCLUDED AT GRAZ, January 27, 1922.



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It is the aim of the Association for International Conciliation to awaken interest and to seek cooperation in the movement to promote international good will. This movement depends for its ultimate success upon increased international understanding, appreciation, and sympathy. To this end, documents are printed and widely circulated, giving information as to the progress of the movement and as to matters connected therewith, in order that individual citizens, the newspaper press, and organizations of various kinds may have accurate information on these subjects readily available.

The Association endeavors to avoid, as far as possible, contentious questions, and in particular questions relating to the domestic policy of any given nation. Attention is to be fixed rather upon those underlying principles of international law, international conduct, and international organization, which must be agreed upon and enforced by all nations if peaceful civilization is to continue and to be advanced. A list of publications will be found on page 93.

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I

THE PORTOROSE CONFERENCE

By JAMES T. SHOTWELL

Of all the international conferences which have been held in Europe since the conclusion of the Treaties of Peace, perhaps the most interesting and certainly the least known was that held at Portorose on the coast of Istria in November, 1921. It was a conference of those States which had succeeded to the heritage of the old Hapsburg monarchy—the so-called “Succession States”—Czechoslovakia, Yugoslavia, Rumania, Poland, and Italy, along with the republic of Austria and the reduced State of Hungary. Representatives of Great Britain and France were also present and the United States supplied an observer. But the real negotiations were, for once, not between the Great Powers, with the lesser ones looking on, but between those Powers which were primarily interested, and which were to make as well as profit by concessions.

The Portorose Conference, therefore, stands out in contrast to the other diplomatic conferences which have taken place in the last four years. Its results, as set forth in the accompanying documents, are just as striking. They deal with real problems in a constructive, practical spirit. They laid the foundations of the economic edifice of South Eastern Europe which had been ruined by the war. Whether it will be built upon remains to be seen.

It was not the first time that these States were

brought together in conference. There had been a prior conference in the same year at Rome lasting from April 6 to June 15; but that was called, not from reasons of mutual interests so much as from the necessity of completing the terms of the Treaties of St. Germain and Trianon, which had left certain matters to be regulated by conventions between the various Powers concerned. Yet even the Rome Conference could not be kept within the strict letter of the Peace Treaties and enlarged its survey to consider matters of common welfare growing out of the new political situation. Its consideration of these economic questions, therefore, naturally suggested a subsequent meeting. But in spite of appearances, the Conference at Portorose was not a continuation of that at Rome. It was primarily due to the energetic initiative of Colonel Clarence Browning Smith, American representative on the Reparation Commission in Vienna, and subsequently observer for the American Government at Portorose. Colonel Smith early became convinced of the necessity for such a conference of the Succession States and the success of Portorose was very largely due to him.

Unfortunately the Conference lacked the spectacular attributes of those called by the Great Powers; it also dealt with problems of detail in such uninteresting subjects as customs tariffs, transport facilities, postal regulations, passport formalities, etc. Newspapers, therefore, gave it almost no publicity, and public opinion was never offered the chance to support it. No official papers about it were published by France, England, or the United States, and the present text is practically the first available account of the Conference in English.

The delegations of the various Powers at Portorose were made up as follows: Italy, 10 delegates; France, 4; Britain, 3; Yugoslavia, 5; Czechoslovakia, 6; Roumania, 4; Poland, 2; Austria, 6; Hungary, 5; United States, an observer and an assistant observer. The representatives of France and Great Britain were there mainly to see that their interests as set forth in Peace Treaties were not injured by the proposed arrangements.

The agenda included the following points: the question of compensation treaties between the Succession States regarding the exchange of essential products; the improvement of postal, telegraphic and telephonic communication; agreements in regard to inter-state traffic; and arrangements for obviating difficulties involved in the licensing system, and the export and import prohibitions. The Conference, fitting its organization to the agenda, worked out its program in three principal Commissions. These dealt with: (1) Commercial relations, including import and export prohibitions; (2) Postal and telegraph relations; (3) Transport. An account of the work of the Conference therefore naturally falls into these different divisions, which were also retained in the Conference at Genoa.

In view of the fact that the resolutions at Portorose have not been ratified by the Governments there represented, it might seem as though the Conference had been anything but a success. But although the resolutions have not been formally ratified, they have to a considerable measure been put into operation, particularly those with reference to transport, postal regulations and passports. The one section of the work of Portorose which has quite definitely failed of

adoption is the section dealing with general economic questions, especially the tariff. Even here, however, there is no need for hasty discouragement, for it would have been quite beyond expectation had the old system of protective tariffs, which had arisen under the varying conditions which govern production in these countries, been swept away. The Portorose Conference succeeded in reaching a formula which has been recognized generally as an ultimate desideratum. This is not without its value if public opinion can be brought ultimately to bear upon it. Only those who have sat through the interminable discussions of international policies like these can realize what such an agreement amounts to. Out of scores of possible—or impossible—proposals, a working principle was agreed upon in all cases. In short, Portorose supplied the program of “self-help” indispensable to the restoration of economic life in South Eastern Europe. Whether that program is realized by fresh international action or by local administrative measures is relatively immaterial.

The Genoa Conference fell back upon the Portorose Conference in more than one aspect. Article 5 of the Report of the Transport Commission reads as follows: “The Conference notes with satisfaction the assurance given by all the States signatory to the Agreements for the regulation of international railway traffic concluded at Portorose on November 23rd, 1921 (see Annex 2) that they have put, or are putting, the said Agreements effectively into operation. The European States not signatory to these Agreements likewise accept their general principles, with a view to putting them into operation with the least possible delay, in so far as they are applicable to them,” and

the Report reprinted the Portorose Transport Agreement. Similarly the Economic Commission of Genoa fell back upon the economic agreement of Portorose and reprinted its conclusions. On the other hand, the Conference at Genoa was unable to secure any further action from the States signatory to the Portorose Convention mainly owing to the fact that the other Powers not there represented were not prepared to enter into similar agreements. Thus, while the Portorose Conference itself has now become a matter of history, its influence is still felt in those quarters in which the rehabilitation of Europe is a matter of earnest concern.

II

AN ACCOUNT OF THE PORTOROSE
CONFERENCE

By the American Observer,
Colonel CLARENCE BROWNING SMITH

The work of the Portorose Conference may be discussed under three heads.

COMMERCIAL RELATIONS

At the end of the war the Austro-Hungarian Monarchy, which had formed one economic whole, was divided into separate parts known as the Succession States. These States created economic barriers between themselves. They all issued import prohibitions in order to exclude imports which they thought superfluous and therefore damaging to their exchange; and export prohibitions in order to keep in the country the quantities of food-stuffs, raw materials and manufactured products considered necessary for home consumption, and to have for disposal articles which might serve as compensation for obtaining foreign goods. This system of import and export prohibitions was applied in the different States with more or less intensity and had been kept as the guiding principle until the Portorose Conference. Trade in the past has been carried on by means of compensation treaties and special agreements concluded from time to time between the various interested States. No general commercial treaties could be concluded as no guiding principles had been established.

In the Protocol concluded at the Portorose Conference it was agreed in principle that import and export prohibitions shall be abolished between the Succession States:

- (a) First, import prohibitions will be abolished from July 1, 1922;
- (b) Export prohibitions shall be abolished at a date still to be established;
- (c) After import and export prohibitions have been abolished, prohibitions will only be allowed in those cases where they were permitted by commercial treaties which existed before the war, that is to say, for reasons of public security; for reasons of a sanitary or veterinary nature; for articles which are subject to a state monopoly, or for goods the trade of which is controlled;
- (d) Prohibitions will also be allowed when their retention is necessitated by reasons of commercial policy towards a non-Succession State. In this case, however, prohibitions must be applied in a manner to create the least possible difficulty for commerce between the Succession States.

In the period of transition, until prohibitions shall have been completely abolished, no new prohibitions shall be issued.

With regard to the general conditions for the delivery of licenses for the import and export of goods, the Succession States grant to each other most-favored-nation treatment. In addition to the above measures which every State will have to take itself, the Succession States furthermore agree to conclude commer-

cial treaties with each other by July 1, 1922, these treaties to be based upon the principle of free traffic.

In one clause of the agreement, the contracting parties engage themselves also not to frustrate the spirit and execution of this agreement by any administrative measures, and especially not to levy customs duties or other taxes that would have a prohibitive effect upon trade.

In the *procès-verbal* of the fourth meeting of the First Commission the discussion which took place concerning the provisions of the protocol made it clear that nothing in the above agreement would in any way abridge the rights of a non-signatory Power to most-favored-nation treatment.

RAILWAY TRAFFIC

Railway traffic between the Succession States in the past has been most difficult by reason of the creation of the new States, and for the lack of proper facilities at frontier stations for expediting through traffic, as well as a lack of confidence between the Succession States themselves. At the Portoroze Conference, a number of practical measures were agreed to which will improve the traffic situation. One of the chief obstacles in the past to sound traffic arrangements among the Succession States has been the uncertainty which has existed as to the ownership of the State-owned rolling stock of the former Austro-Hungarian Monarchy, and the unwillingness of certain of these States to permit freight cars which they claimed as booty of war to circulate beyond their own borders. For example, Roumania holds between 30,000 and 40,000 freight wagons which it removed from Hungary in 1919 and is now claiming as booty

of war. By the arrangements concluded at Portorose, Roumania was authorized to give these cars provisional marking without prejudice to their ultimate allocation, and they will be put in general circulation throughout the Succession States. Until the uncertainty of ownership was removed, every State was unwilling to bear the expense for the repair of rolling stock. Arrangements supplementary to the foregoing were also concluded in order that unserviceable cars would be repaired and kept in circulation. As the question of transport is a highly technical subject, the following analysis of the various agreements concluded at Portorose has been prepared by an Austrian railway expert, and is published herewith as an Annex. This analysis is very interesting because it shows the great difficulties of sound railway administration existing throughout Central Europe in the past, and the practical measures which the Portorose Conference took to obviate these difficulties.

POSTS AND TELEGRAPHS

The arrangements concerning the amelioration of the telegraphic and telephonic communications concluded at Portorose are based upon Article IV of the International Telegraphic Convention of St. Petersburg, to which the United States is not a party. These arrangements concern the mutual telegraphic and telephonic communications between the seven Succession States. The Administrations of these countries have engaged themselves to carry on the traffic by means of the existing telegraphic and telephonic net, according to the general regulations for international traffic, and to complete the existing net by constructing new lines of communication,

especially between industrial and commercial centers of the different countries. The raising of the necessary money for carrying out these ameliorations and the necessary constructions in the different countries will form the object of special negotiations between the different State Administrations.

A special article obliges the Telegraphic Administrations to provide for an amelioration of the telegraphic and telephonic communications between Trieste on one side, and Vienna, Prague, Belgrade and Budapest on the other, during the year 1922. Besides, the Administrations have agreed to initiate in a short time a series of new direct telegraphic and telephonic communications, the most important of which are direct telegraphic communication from Budapest to Sofia, Lwow, and Vienna; from Belgrade to Vienna and Paris by Milan; from Bucarest to Warsaw and Vienna; direct telegraphic communications from Budapest to Zagreb, Prague, Belgrade; and to Vienna by Pressburg (Bratislava); from Pressburg to Belgrade and Zagreb by Hungary. Poland and Czechoslovakia have engaged themselves to take up at the earliest possible date interstate telephonic communication.

Several arrangements were made also in order to make it possible that the tariffs, the fixation of which is so difficult on account of the monetary exchange conditions, should be regulated for the interstate traffic according to the interest of the collecting country and in order to facilitate and accelerate the mutual accounts. For the liquidation of the mutual payments, all the Administrations have accepted in analogy the regulations for the Postal Union; the gold franc on the basis of one franc being equal to 0.192957 dollars. They

have furthermore agreed to regulate the outstanding debts between themselves within a short time. With reference to the postal service, the fees for letters and post cards in intercourse between the Succession States have been lowered by about a quarter of the Postal Union fees, and a basis was found for taking up again the postal money order service between the Succession States.

The fees for parcels under 20 kilograms were also lowered in the traffic between the Succession States. This measure should increase the parcel post service between the States.

CONCLUSION

From the above, it will be seen that substantial progress was made at Portorose to recreate and reopen channels of trade and commerce between all the Succession States and thus help them back to a sound economic life. I do not believe it would have been possible for this Conference to have been held had the United States not been represented.

ANNEX

EXPLANATION OF TRAFFIC AGREEMENTS CONCLUDED AT THE PORTOROSE CONFERENCE

By an Austrian Expert

The material task of the Portorose Conference was to remove as far as possible the difficulties of railway traffic between the territories of the Succession States, which have replaced the former Austrian Monarchy, in order to pave the way for the facilitation of commercial relations between these States.

As basis for the negotiations two proposals, one prepared by the Italians, the other by the Austrians, were submitted to the Conference. Both drafts agreed materially in their guiding ideas, a very good proof of their objectivity and their fitness.

The proposals especially dealt with:

1. Legal questions concerning freight traffic.
2. Tariff questions and questions concerning the off-setting of accounts.
3. Traffic questions.
4. Questions of railway tariff policy.

In reference to these questions the following remarks may be made:

Re 1. Legal questions concerning freight traffic

Until the break-down of the Austro-Hungarian Monarchy, the Austro-Hungarian *Eisenbahntriebsreglement* (railway management rules), formed the legal basis for freight traffic between the stations in Austria and Hungary. After the separation of the States, the unity of these rules ceased. As thus the legal basis for freight traffic between the Succession States disappeared, agreements have been made for certain traffic according to which the rules of the international agreement of Berne on railway freight traffic apply with certain restrictions. These agreements consist especially of the demand for the payment of freight in a station of a country (despatch station of the shipping country, receiving station of the country of destination, so-called *Franquierungezwang*), of the refusal to allow the debiting of shipments with cash advances or cash on delivery, of the restriction of the liability of the railways for loss and damage of goods, of the refusal to allow the declaration of interest in delivery, and of the restriction of the right of disposal over the shipments.

By these far-reaching restrictions in international railway traffic severe drawbacks for the economic life of the various states and also for the railway traffic result. We only need to refer to the following:

1. The introduction of the payment of freight in advance is in contradiction to the general commercial practice according to which the goods are to be transported at the expense and risk of the receiver.

2. These proceedings bring about peculiar difficulties for the transit traffic over third states, necessitating the interference of forwarding agents at the borders.

The refusal to allow cash on delivery prevents the despatcher from making use of the convenient practice formerly prevailing of collecting the price for the goods by the Railway Administration. In order to reduce to the smallest possible extent such re-

strictions of the international agreement regarding railway freight traffic, the Austrian as well as the Italian Government proposed that hereafter in the freight traffic between the Succession States the said international agreement should be applied with only such restrictions as are absolutely necessary. The Conference agreed with this proposal.

This decision will make a decided improvement over present conditions and will undoubtedly contribute much to the development of commercial relations between the Succession States. By the introduction of the international agreement of Berne for the traffic of the national states, the Railway Administrations at the same time are compelled to open current accounts at the border stations for the purpose of mutual debiting of the freight rates involved in the shipments, and of arranging for mutual settlement of the accounts arising from the debits and credits as collected payments from the customers of the railways. These provisions have hitherto only been made with the smaller part of the traffic territory in question, but they form the indispensable condition for the opening of a through traffic on the basis of the unrestricted application of the international agreement.

Re 2. Tariff questions and questions concerning the off-setting of accounts

Freight and passenger traffic have been made very difficult by the suspension of common railway tariffs caused by the dismemberment of Austria. In many traffic relations the shipments must undergo on the border a renewed process of billing, unnecessary in case of through traffic; in general, travellers are compelled to buy new tickets at the border stations. Only for a few through trains, the running of which has been agreed upon, are through tickets issued. Thus the delaying of trains in the stations is unnecessarily prolonged and considerable freight congestion is caused in the border stations. In order to avoid this in future, the Austrian and Italian Governments made a joint proposal according to which, for the traffic between the Succession States and the transit traffic over these states, through tariffs are to be established in as far as the existing requirements make them necessary and the conditions of currency permit. In principle, the Conference agreed to this proposal.

To facilitate the establishment of through tariffs as much as possible, Austria and Italy further suggested that freight classifications, tariff schemes, and the general tariff regulations of the

various Railway Administrations, at least within the territories of the national states, be unified as far as possible. This suggestion was declared by the Conference as appropriate. The resolution was passed to refer these questions to a committee consisting of Austria, Italy and Roumania for study. The Italian Government is to call the committee together at the earliest possible moment. In the endeavor to enlarge the traffic territory for which these tariff agreements should have general validity it was further agreed to have the Italian Government communicate the findings of the committee to the Central Office in Berne with the request to invite all States adhering to the International Railway Freight Traffic Agreement to a European conference.

Regarding the currency in which the through tariffs are to be established, the Conference, on the Austrian suggestion, expressed the belief that as early as possible a sound currency should be used for all international tariffs. Furthermore, for the settling of the accounts for the whole territory in which these tariffs are valid, a clearing office should be established. In the meantime the tariffs, if possible, should only be based on two currencies. The studying of these measures was also entrusted to the above-mentioned committee.

The advantages of the use of the afore-mentioned measures for the customers are self-evident when we consider that at present—with few exceptions—they have to reckon with as many tariffs and currencies as there are states participating in the transportation. The establishment of through tariffs would especially be promoted by the idea of a uniform tariff currency and a uniform compensation office, because thus the greatest handicap to the establishment of through tariffs, viz., the possibility of great losses by fluctuations of the exchange rate, would be removed. Any country which uses a currency different from that of the tariff currency, exposes itself to loss in the cases of balance-credits for example, where the tariff currency at the time of settling balances has a different value than at the time of making the tariff; and, as a second example, in the case of balance-debits where it has another value than at the time of collection from the consignee. The smaller the amounts are which are to be settled in cash, the smaller is the risk resulting from fluctuations of currency. The larger the territories, the smaller will be the balances to be settled in cash. In view of the great extent of the territory in consideration, these balances will be

reduced to comparatively small amounts, thus the still remaining risk could easily be borne, in view of the great advantage of through tariffs in only one currency.

With the intention of removing, as far as possible, the difficulties of administration in the business relations between the Railway Administrations, the Conference further declared an agreement upon general rules for settlement of accounts to be urgently desirable. Certain new points have been formulated for this purpose with the special view to reduce settlement of accounts in cash between the Railway Administrations. The Conference finally agreed upon the principle that the exchange rate for payments in the national currency for railway claims expressed in foreign currencies should be effected by the customers according to the actual practice now in use, which prescribes that these exchange rates are to be fixed by the collecting Railway Administration.

Re. 3. Traffic questions

The difficulties in the handling of railway traffic between the various Succession States arising from the dissolution of the Monarchy are based chiefly on the following reasons:

By the dismemberment of the Monarchy and the distribution of its territories among the various Succession States, formerly connected territories have been separated from each other by new border lines. Thus unified railway systems have been broken up. The lack of proper arrangement for the crossing from one State into a neighbouring State, the handling of passport and customs house examinations at the borders, which was exercised with the greatest severity by most of the Succession States in consequence of political and economic prohibitions, naturally constituted very severe difficulties in the way of smooth operations. The annoyance of passengers and the congestion of freight has become almost insupportable. Some improvement in these deplorable conditions was attained partially by provisional agreements between the various States, made under the pressure of necessity, but no final agreements promising a permanent improvement have hitherto been made.

The Conference of Portorose has seriously examined into the means to do away with these difficulties in the way of traffic between the Succession States. Resolutions were passed appropriate to cope with these difficulties and to facilitate and accelerate mutual traffic in the interest not only of each State but of all

States concerned. These resolutions formed part of a traffic convention agreed upon by the Succession States on the basis of the proposals of the Italian and Austrian delegation. The general idea of this convention is the re-establishment of interstate railway traffic as in pre-war times. This aim is to be attained by the earliest possible resumption of international traffic which is to be furthered by favorable through connections, corresponding schedules, direct passenger coaches, complete freight trains of single type cars, especially for mass transports of foodstuffs, live-stock, coal, etc. All border stations used for international traffic are to be reopened as quickly as possible if they are still closed; the details of freight connections are to be settled by special agreements reached in the spirit of mutual accommodation. The customs and passport examinations and other border formalities should be handled by both States in the same station if possible. As resolved upon in the Paris Conference of October, 1920, a special conference is to be summoned in the near future which will deal with the question of passport formalities as well as other facilitations inside the Succession States. For the handling of railway customs service, the guiding principles of the system have been agreed upon which closely correspond throughout with the Austrian proposal and are based upon the modern provisions of the new Austrian customs regulations, which are providing for far-reaching facilities of customs formalities in passenger and freight traffic.

The chaotic conditions regarding rolling-stock of the railways which was bound to follow after the dissolution of the Monarchy, have already been foreseen by the Treaty of St. Germain. Article 316 provides for the establishment of an expert commission for the distribution of the common rolling stock of the former Austrian and Hungarian State railways among the Succession States. The conditions occurring immediately after the revolution led to an almost complete tie-up of traffic between the Succession States. This might have hastened the work of the Distribution Commission. The extraordinary difficulties of the task entrusted to the Commission made it unavoidable that hitherto only partial results were obtained. Considerable time will pass until this task is terminated. The difficulty is increased by the questions of right of booty. The prevalent uncertainty of all Succession States as regards the number of cars finally at their disposal made it quite comprehensible that every State anxiously

took care to prevent cars of the former common rolling stock from passing out of its territory in order to avoid the danger of a loss of rolling stock at the disposal of the State. Only small progress has been made in the repair of rolling stock worn out during the war, because the several States objected to repairing at high cost the rolling stock, the future ownership of which is still in doubt. In view of these conditions, the Portorose agreements as regards rolling stock are of the greatest importance. The obstacles to free car circulation in the traffic of the Succession States, arising from the fact that the greater part of the former common stock has not yet been allocated, have been removed at once by the provisional allocation of the rolling stock, by means of a provisional marking with owner marks. By this measure the definite allocation by the competent Distribution Commission is not prejudiced; this provisional allocation will in time be rectified by the results of the definite allocation. In consequence a large number of unallocated cars will be restored to free international traffic, whereas up to date the circulation of these cars has been restricted to the local traffic of the various States. It seems unnecessary to give further arguments to establish the great importance of the solution of this question for the promotion of economic relations between the neighboring States. In the same way, also, cars claimed by some States under the title of booty of war seizure are to be restored to free traffic without prejudice to a decision by competent authority. Private cars, especially tank cars and cars of hiring companies, as far as they are not claimed as booty or seized, are to be put at the disposal of their legal owners. Cars of private railways are to be restored to their owners. In order to make unfit and damaged cars serviceable again for general traffic as soon as possible, the States agreed to help each other in repair work. Thanks to the understanding of the delegates of the States into all unsettled questions of rolling stock which formed the greatest obstacle to the development of the interstate traffic, unanimous settlement was found, from which a most favorable influence on international traffic may be expected.

Finally, a third circumstance is of importance for the difficulties of traffic in the various Succession States. The creation of new states resulted in an entire change of nationality of places, of production, of important railway requirements. This is especially the case with coal. While the Austro-Hungarian Monarchy was

in a position to cover its coal requirements, to a large part from its own territory, some new states now nearly entirely lack coal deposits, and therefore depend almost exclusively upon foreign countries for coal. The same applies to mineral oils, mineral oil products and lumber for ties. The need, therefore, was plain of a collaboration of the national States with a view to enable the single States to cover their railway requirements in the most economical way, avoiding especially unnecessarily long hauls. On a proposal of Austria, the examination of this question was entrusted to a commission of the Succession States which is to secure a collaboration of other States which are capable of supplying railway materials. This commission will extend its investigations also over other railway requirements, technical as well as material. The results of the investigation of this commission shall form the basis of agreements to be made between the States or their Railway Administrations, with a view to covering the requirements of the railways of one State out of the surplus of another State.

Re 4. Questions of Tariff Policy

Article 312 of the Treaty of St. Germain obliges Austria to grant equal and most-favored-nation treatment for shipments of Allied and Associated States over her railways, as far as rates are concerned. Regarding the Succession States, Article 330 of this Treaty provides the restriction that this right can only be claimed if equal tariff privileges are mutually granted to Austria on territories which were formerly Austrian and which are now under the sovereignty of other states. Hitherto none of the Succession States has granted this reciprocity. Consequently the principal question of tariffs for mutual transports between Austria and the Succession States is not settled. In view of this situation, there exists the theoretical possibility for the railways of the Succession States to transport goods originating from other states at higher rates than their goods. In order to clear up this matter Austria and Italy in their proposals expressed the desire that the Succession States should mutually grant equal and most-favored-nation treatment to shipments originating in their territories. There was not, however, sufficient unanimity to have this question discussed at the Conference, because some delegates pointed out that the task of the Portorose Conference was only to remove the obstacles to railway traffic between the Succession States, and accordingly the

Conference had no authority to deal with questions of tariff policy. Especially the delegation of the Serb-Croat-Slovene State explicitly declared that the program of the Conference did not contain any questions of commercial policy, and that for this reason no instructions had been given in this matter by its Government. The Conference was in consequence compelled to abstain from dealing with the mentioned proposals. Although this attitude of the Conference is regrettable, because the principal questions of tariff could easily have been discussed and settled by all Succession States at Portorose, it was nevertheless impossible to raise an effective objection to this attitude because of the intimate connection of traffic policy with commercial policy which is to be taken care of by the interstate commercial treaties to the conclusion of which the Portorose Conference had actually no authority. The Succession States will therefore be compelled to settle questions of traffic policy in the negotiations of commercial treaties.

III

PROTOCOLS AND AGREEMENTS
CONCLUDED AT THE PORTOROSE
CONFERENCE, NOVEMBER, 1921

AGENDA

I

A study of the possibility of concluding compensation agreements between the Succession States concerning the exchange of essential products such as provisions, coal, coke, petroleum, minerals, metallurgical products, etc.

II

Agreements to facilitate postal, telegraph and telephone communications between the Succession States.

III

Agreements to hasten the transportation of goods and of travelers from one State to another, by abolishing the prohibitions which have existed up to the present time affecting transportation between neighboring States and transportation through intermediate States.

IV

Agreements concerning the possibility of transporting goods in bond or under seal from one State to another through the territory of a third or intermediate State.

V

Agreements concerning:

- (a) the circulation of cars
- (b) the hiring of locomotives and cars, with the consent of richer States, to the States not so well supplied.
- (c) the repairing of the rolling stock
- (d) free circulation of cars (tank cars and cars belonging to leasing companies).

VI

The possibility of agreements obviating the difficulties which might result from a system of licensing or prohibiting the import or export of certain categories of articles or goods.

PROTOCOL¹

THE PRESIDENT OF THE AUSTRIAN REPUBLIC; THE PRESIDENT OF THE UNITED STATES OF AMERICA; HIS MAJESTY THE KING OF THE SERBS, CROATS AND SLOVENES; THE PRESIDENT OF THE FRENCH REPUBLIC; HIS MAJESTY THE KING OF THE UNITED KINGDOM OF GREAT BRITAIN AND IRELAND; HIS HIGHNESS THE REGENT OF HUNGARY; HIS MAJESTY THE KING OF ITALY; THE CHIEF EXECUTIVE OF THE POLISH STATE; HIS MAJESTY THE KING OF ROUMANIA; AND THE PRESIDENT OF THE CZECHOSLOVAK REPUBLIC,

Considering the difficulties opposing the free development of commercial relations, of postal, telegraph and telephone services and of transportation between the States that have acquired territories of the former Austro-Hungarian Monarchy, or that have arisen from the dismemberment of that Monarchy,

Desiring, moreover, to overcome as far as possible the obstacles hindering the economic rehabilitation of those States,

Have agreed to seek by common accord those measures whose application shall be most prompt and effective with that end in view.

For this purpose have delegated as their representatives:

THE PRESIDENT OF THE AUSTRIAN REPUBLIC:

M. Richard Schuller, Chef de Section in the Federal Ministry for Foreign Affairs;

THE PRESIDENT OF THE UNITED STATES OF AMERICA:

Colonel Clarence Browning Smith, as Observer;

HIS MAJESTY THE KING OF THE SERBS, CROATS AND SLOVENES:

M. Otokar Rybar, former Deputy;

THE PRESIDENT OF THE FRENCH REPUBLIC:

Vice Admiral Fatou;

¹ Editor's Note: This Protocol contains the list of Agreements and Recommendations concluded by the conference.

HIS MAJESTY THE KING OF THE UNITED KINGDOM OF GREAT
BRITAIN AND IRELAND:

Sir Francis Dent, President of the Commission for the Dis-
tribution of the Rolling Stock of the former Austro-
Hungarian Monarchy;

HIS HIGHNESS THE REGENT OF HUNGARY:

M. Tibor de Scitovsky, former Secretary of State for Com-
merce:

HIS MAJESTY THE KING OF ITALY:

M. le Baron C. Romano Avezzana, Ambassador;

THE CHIEF EXECUTIVE OF THE POLISH STATE:

M. Marcel Szareta, Polish Chargé d'Affaires at Vienna;

HIS MAJESTY THE KING OF ROUMANIA:

M. Al. Em. Lahovary, Minister Plenipotentiary, Envoy
Extraordinary to His Majesty the King of Italy;

THE PRESIDENT OF THE CZECHO-SLOVAK REPUBLIC:

M. Zdenek Fierlinger, Chargé d'Affaires for the Czecho-Slo-
vak Republic at The Hague;

WHO, united in Conference at Portorose, recognize as answering
the requirements indicated above, the Provisions contained in the
following Instruments. These Instruments, annexed to the pres-
ent Protocol Agreement, have been agreed upon and signed by
the representatives of the States to which have been allotted ter-
ritories of the former Austro-Hungarian Monarchy, or which
have arisen from the dismemberment of that Monarchy.

1. A PROTOCOL signed by the Representatives of AUSTRIA,
HUNGARY, ITALY, POLAND, ROUMANIA, the SERB-CROAT-SLO-
VENE KINGDOM and CZECHO-SLOVAKIA, to facilitate commercial
exchange;

2. An ARRANGEMENT regarding postal relations between AUS-
TRIA, HUNGARY, ITALY, the SERB-CROAT-SLOVENE KINGDOM and
CZECHO-SLOVAKIA, with a FINAL PROTOCOL;

3. A SPECIAL ARRANGEMENT regarding postal relations be-
tween AUSTRIA, HUNGARY, ROUMANIA and CZECHO-SLOVAKIA,
with a FINAL PROTOCOL;

4. A RECOMMENDATION regarding an Aerial Postal Conven-
tion;

5. A RECOMMENDATION regarding a Postal Conference;

6. A RECOMMENDATION regarding the official names of places;

7. AN ARRANGEMENT concluded between AUSTRIA, HUNGARY,
ITALY, POLAND, ROUMANIA, the SERB-CROAT-SLOVENE KING-

DOM and CZECHO-SLOVAKIA, regarding the amelioration and simplification of telephone and telegraph services between those States;

8. A RECOMMENDATION regarding telegraph and telephone services;

9. AGREEMENTS concluded between AUSTRIA, HUNGARY, ITALY, POLAND, ROUMANIA, the SERB-CROAT-SLOVENE KINGDOM and CZECHO-SLOVAKIA regarding the temporary régime for the circulation of the rolling stock of the former Austro-Hungarian Monarchy, applicable until the final distribution of the stock;

10. AGREEMENTS concluded between AUSTRIA, HUNGARY, ITALY, POLAND, ROUMANIA, the SERB-CROAT-SLOVENE KINGDOM and CZECHO-SLOVAKIA, concerning the restitution of privately-owned railway cars;

11. AGREEMENTS concluded between AUSTRIA, HUNGARY, ITALY, POLAND, ROUMANIA, the SERB-CROAT-SLOVENE KINGDOM and CZECHO-SLOVAKIA regarding the following questions:

A. Mutual assistance in rolling stock;

B. Repairs of rolling stock;

12. A RECOMMENDATION regarding confiscated and captured rolling stock belonging to the Allied and Associated Powers;

13. AGREEMENTS concluded between AUSTRIA, HUNGARY, ITALY, POLAND, ROUMANIA, the SERB-CROAT-SLOVENE KINGDOM and CZECHO-SLOVAKIA for the regulation of international railway traffic;

14. A RECOMMENDATION regarding the convening of an International Conference to study European General Conventions on the regulation of international transportation;

15. A RECOMMENDATION for the standardization of tariff rates for international railway traffic and the adoption of a uniform currency for international tariffs;

16. A RECOMMENDATION regarding the appointing of a Commission to study the essential requirements of the railways and the resources to be drawn upon to satisfy such requirements;

17. A DECLARATION regarding the facilities to be granted certain categories of travelers;

18. A PROTOCOL signed by the Representatives of AUSTRIA, HUNGARY, ITALY, POLAND, ROUMANIA, the SERB-CROAT-SLOVENE KINGDOM and CZECHO-SLOVAKIA regarding the actual régime affecting passports and visas.

IN WITNESS WHEREOF the above indicated Delegates have affixed their signatures to the present Protocol.

Done at Portorose, the twenty-third day of November, one thousand nine hundred and twenty-one, in French and in Italian, in a single copy which shall remain deposited in the archives of the Government of the Kingdom of Italy, and of which authenticated copies shall be sent to the Governments of all the Powers represented at the Conference.

I

PROTOCOL

The undersigned Delegates, representing AUSTRIA, HUNGARY, ITALY, POLAND, ROUMANIA, the SERB-CROAT-SLOVENE KINGDOM and CZECHO-SLOVAKIA,

Assembled in Conference at Portorose to seek measures of facilitating commercial exchange between their respective countries,

Are agreed to recommend to their respective Governments the adoption of the following provisions, in their mutual economic relations:

ARTICLE I

The Governments of the States represented by the signatory delegates shall, as soon as possible, take the steps necessary to reestablish freedom of imports and of exports in the relations between their several countries. In any case, they shall abolish all import prohibitions or restrictions on July 1, 1922, at the latest, and shall, before that date, make arrangements among themselves to fix, by common consent, a date whereon all export prohibitions, control or other restriction affecting the exportation of any merchandise, shall be abolished.

However, restrictions may be applied affecting mutual commercial relations in the following cases:

(a) for motives of public safety;

(b) for reasons of a sanitary nature, or for the protection of useful animals and plants against diseases or harmful insects and parasites, and particularly in the interests of public health, in compliance with the international principles adopted in this respect;

(c) for goods subject to a State monopoly;

(d) for the purpose of applying to foreign goods the prohibitions or restrictions which have been or which shall be established by internal legislation affecting the internal production, sale, transportation or consumption, of similar domestic goods;

(e) for reasons emanating from the relations of the above indicated States with other States.

If the measures outlined above in paragraph (e) are considered by one of the above indicated States as prejudicial to its interests, the State adopting such measures shall comply with any demand to enter negotiations for the purpose of minimizing their detrimental effect.

It is agreed, moreover, to avoid customs legislation which would establish customs duties or other taxes, equivalent to actual import or export prohibitions.

ARTICLE 2

Each of the above-mentioned States shall, as soon as possible and in any case not later than July 1, 1922, enter negotiations with all the others for the purpose of concluding a commercial treaty based, in principle, on commercial freedom. The interested States reserve the right, however, to agree among themselves to extend the time limit to December 31, 1922.

ARTICLE 3

Until import and export freedom has been established in compliance with Article 1, no new import prohibition, apart from those already in force, shall be adopted from the date of signature of the present Protocol until June 30, 1922; nor shall any new export prohibition be adopted, apart from those already in force, beginning with the same date and until the date to be fixed in compliance with the provisions of Article 1, for the abolition of all export prohibitions.

ARTICLE 4

With the intention of avoiding, as far as possible, the harmful effects of the import and export prohibitions now in force on the economic life of certain of the States mentioned above, and without prejudice to the provisions of the Treaties of St. Germain and

of Trianon, the negotiations mentioned below shall be entered upon within four months:

(a) between the Government of Austria and the Government of Hungary for the exportation, from Hungary into Austria, of rawhide, vegetable oils, hair, and bristles;

(b) between the Government of Austria and the Government of Poland for the exportation, from Poland into Austria, of crude petroleum;

(c) between the Government of Hungary and the Government of Austria for the exportation, from Austria into Hungary, of lumber, metals (steel), magnesite, tannin, and paper;

(d) between the Government of Hungary and the Government of the Serb-Croat-Slovene Kingdom for the exportation, from the Serb-Croat-Slovene Kingdom into Hungary, of lumber (including oak and lumber for railroad ties), pyrites, cattle, copper, cereals, maize, swine, fats, eggs, raw flax and hemp, tannin, wool, and rawhide;

(e) between the Government of Hungary and the Government of Poland for the exportation, from Poland into Hungary, of naphtha, lumber (including oak and lumber for railroad ties), coal, coke and metals;

(f) between the Government of Hungary and the Government of Roumania for the exportation, from Roumania into Hungary, of naphtha, lumber (including oak and lumber for railroad ties), cereals, maize, cattle, salt, wool, rawhide and asphalt;

(g) between the Government of Hungary and the Government of Czecho-Slovakia for the exportation, from Czecho-Slovakia into Hungary, of iron and steel, metals, coal, coke, lumber (including oak and lumber for railroad ties), rawhide, barley, oats, hops and magnesite;

(h) between the Government of Italy and the Government of Austria for the exportation, from Austria into Italy, of cellulose, wood-pulp, and oak railroad ties;

(i) between the Government of Italy and the Government of Hungary for the exportation, from Hungary into Italy, of cattle for slaughter;

(j) between the Government of Italy and the Serb-Croat-Slovene Government for the exportation, from the Serb-Croat-Slovene Kingdom into Italy, of horses and of oak railroad ties;

(k) between the Government of Italy and the Governments of Roumania and Poland for the exportation of mineral oils from Poland and Roumania into Italy.

ARTICLE 5

In all that concerns mutual exchange between their respective countries, the Governments of the above-named States shall not limit the scope of the advantages contained in the above-mentioned provisions nor in other provisions that may be adopted in compliance with the preceding articles, by customs or financial formalities or by other administrative measures contrary to the letter or to the spirit of such provisions.

For the strict application of such provisions the States shall enforce their observance by local and departmental authorities, who, consequently, may not proclaim regulations or adopt decisions, under any form or denomination whatsoever, whose effect would be to impede or restrict commercial relations with the other States above-mentioned contrary to the spirit or the letter of the provisions outlined above.

ARTICLE 6

The above-mentioned States who, in such cases and within the limits indicated in the present Protocol, have established import or export prohibitions, shall observe the following rules for the delivery of import and export licenses mitigating such prohibitions:

(1.) Merchants and commercial organizations of one of the above-mentioned States established within the territory of another of those States conforming to the legislation in force, and who pay the required taxes, shall enjoy, within the State where they are established and on the same basis as the nationals of that State, all privileges in force concerning the mitigation of import and export prohibitions.

(2.) New provisions or measures concerning import or export prohibitions may not be applied to licenses already delivered or that have not yet expired.

No exception to this principle will be permitted, nor may licenses already delivered be annulled except for reasons of major importance. Even in such cases the new measures or provisions may not be applied to goods which, on the date of the coming into

force of such measures, shall have been consigned for shipment to railway stations or post offices, or which shall have arrived at the shipping station, except in the case of prohibitions prompted by reasons of public safety.

(3.) Export and import licenses which the beneficiaries have not been able to use within the proper time for reasons not imputable to themselves, may be extended, upon the demand of the beneficiary, for a period of six months after the expiration of the license, but in no case for a period longer than one year after the delivery of the license, without prejudice, however, to the provisions of No. (2), paragraph 2, of this Article. Application for extension of a license must be made before the expiration of the license. Extension will be granted in compliance with the precepts in force at the time the license was delivered.

(4.) Should one of the above-mentioned States subject the delivery of import or export licenses for certain specified goods to the obligation of observing minimum prices, the application of this rule may not be enforced for the exportation of goods for which a preceding license has been granted without price restrictions.

Thus also, minimum price restrictions shall not apply to goods for which a license has already been delivered, if at the time the license was applied for the minimum price restrictions then in force were observed.

The above-mentioned States shall recognize, moreover, that the imposition of minimum prices for goods to be exported must not be enforced in such manner as to make the minimum prices the equivalent of actual export prohibitions.

(5.) The above-mentioned States may exact that in cases where a license has been granted to import certain goods from one of these States into another, as an exception to the established prohibitions, such goods be accompanied by a certificate of origin, if there is not otherwise sufficient proof of their origin.

(6.) Objects imported or exported as samples by commercial travelers will be permitted exportation or importation, as exceptions to the prohibitions in force, on condition that their reexportation or reimportation be sufficiently guaranteed, and provided, in all cases, that the necessary customs formalities be complied with.

ARTICLE 7

The above-mentioned States will recognize that it is not expedient to ask most-favored-nation treatment of each other, concerning the nature and quantity of products whose importation or exportation as exceptions to the existing prohibitions is permitted because of special agreements with another State, whether or not that State is included among those mentioned above. Each of those States shall, however, concede to each of the other States all advantages conceded or to be conceded in future to any other State (whether or not that State is included among those mentioned above) in all formalities concerning the delivery, the use or the validity of import and export licenses, or any other conditions to which would be subjected the delivery of licenses as exceptions to import or export prohibitions.

ARTICLE 8

It is agreed that goods, of any origin whatsoever, passing through the territory of one of the above-mentioned States or deposited in free ports or in warehouses, shall not, upon their entry into the territory of another of those States, be subjected to customs duties or taxes other or higher than would be levied if the goods were imported directly from the country of origin. The same provision applies equally to goods in through transit and to goods in transit after being either reshipped or repacked in a warehouse.

IN WITNESS WHEREOF the Delegates mentioned below have signed the present Protocol.

DONE at Portorose, the twenty-third day of November, one thousand nine hundred and twenty-one, in French and in Italian, and in a single copy which shall remain deposited in the archives of the Government of the Kingdom of Italy, and of which authenticated copies shall be sent to each of the signatory States.

For:

AUSTRIA:

HUNGARY:

ITALY:

POLAND:

ROUMANIA:

THE KINGDOM OF THE SERBS, CROATS AND SLOVENES:

CZECHO-SLOVAKIA:

II

ARRANGEMENT

regarding postal relations between AUSTRIA, HUNGARY, ITALY, ROUMANIA, THE KINGDOM OF THE SERBS, CROATS AND SLOVENES, AND CZECHO-SLOVAKIA.

By virtue of Articles 22 and 23 of the principal Convention of Madrid, the undersigned, Representatives of the Contracting Postal Administrations of the countries mentioned above, have, by common accord, to facilitate their postal relations, agreed upon the following provisions, subject to approval by the competent authorities of each State:

GENERAL PROVISIONS

ARTICLE I

The Contracting Administrations shall reestablish the regular exchange, by mail, of letters, insured letters and parcels, postal money orders, remittances, claims and parcels coming from or going to one of the Contracting Countries, and of such articles coming from or going to other countries, concerning which the Contracting Administrations may act reciprocally as intermediaries.

ARTICLE 2

In all cases not provided for in the present Arrangement, postal relations between these countries shall be regulated by the provisions of the Conventions, Arrangements, and Detailed Regulations of the Universal Postal Union now in force.

ARTICLE 3

(1.) Exchange offices, authorized to deliver articles reciprocally in closed mails or in open mails, are designated by common accord by the Contracting Administrations, who are also agreed to regulate the other details of their exchange service.

(2.) If one of the Contracting Parties, by agreement with another Party, maintains postal transportation by railway or by a public highway beyond the frontier of its own territory, the second Party shall share the transportation costs.

(3.) To facilitate this exchange between adjacent countries, the contracting Postal Administrations shall establish by common

consent on the trains running on lines extending from one State to another, traveling post offices with a national personnel, which may be conveyed, beyond the frontier, to the nearest station situated within the territory of the other State, where there is a post office authorized to receive and transmit mail (postal correspondence and parcels).

Each Administration shall recognize, within its own territory, the official credentials of the traveling personnel of the other Administration as documents of travel and of identity effective within the boundary zone.

(4.) Except in the case of agreements to the contrary, the creation and suppression of mails is reserved to the central Administrations.

ARTICLE 4

(1.) All reductions in rates and charges stipulated by the present Arrangement are granted on the basis of reciprocity.

(2.) All rates stipulated in this Arrangement in francs are understood to mean in gold francs, and are to be collected by the respective Administrations, according to the equivalents adopted for their different services, through the medium of the International Office of the Universal Postal Union.

(3.) The Administrations shall notify each other directly each time a change is made in the equivalent rates adopted for the postage of letters, parcels and securities.

ARTICLE 5

Official correspondence shall be written in the French language.

ARTICLE 6

Exemption from postal charges is granted to all official messages concerning State telephone and telegraph services and their subordinate services, as well as to the articles indicated in paragraphs 3 and 4 of article 13 of the principal Convention.

LETTER POSTAGE

ARTICLE 7

The rate for the transmission of letters for the first 20 grams in weight and of post cards, exchanged between the Contracting

Countries, is fixed at 75% of the respective international rates, with the privilege of rounding off the rates, when they have been fixed in the currency of each country, at 80% as a maximum and 70% as a minimum.

ARTICLE 8

Articles sent by letter postage coming from one of the Contracting Administrations and in transit through the territory of another Contracting Administration, enjoy within that territory a modification of 50% of the international transit rate.

ARTICLE 9

(1.) Sample packages may contain objects of small salable value.

(2.) Articles sent by letter post containing objects subject to customs duties in the country of destination are permitted in the exchange between the Contracting Countries.

INSURED LETTERS AND BOXES

ARTICLE 10

The amount for which articles may be insured is not limited.

The Contracting Administrations permit, in their mutual relations, insured letters containing cash in small quantity not exceeding the monetary unit.

ARTICLE 11

The Contracting Administrations shall notify one another directly of the rates of insurance fixed for insured letters and boxes coming from their countries.

POSTAL MONEY ORDERS

ARTICLE 12

The maximum amount of postal money orders exchanged between the countries interested may not exceed the maximum fixed for the internal traffic of each State. However, where there is a difference between the maxima of two of the interested countries the inferior amount shall be considered as the maximum allowed.

All modifications regarding the maximum allowed must be made known in due time.

Provisionally, telegraphic money orders are not allowed.

ARTICLE 13

Postal money order rates are fixed according to the rates stipulated in the respective Arrangement of Madrid, but each Administration may establish a scale of rates according to its own monetary requirements.

ARTICLE 14

(1.) General accounts are not drawn up. Settlement will be made on the basis of monthly accounts. It is understood that the time allowed under the Arrangement of Madrid and its Detailed Regulations for the settlement of general accounts applies also to the monthly accounts regarding reciprocal traffic.

(2.) Each Administration shall pay its debts to the creditor Administration in the currency of the creditor country, in cash, checks, or drafts on the capital of that country or some other important commercial center. The debtor Administration may settle such accounts by means of partial payments to the corresponding Administration.

The creditor Administration may exact partial payments weekly, and may suspend service by telegraph in case of undue delay in making such payments.

ARTICLE 15

(1.) All money orders issued shall be concentrated in one or more offices designated for the exchange of money orders. After receiving the special stamp of such an office, the money orders shall be transmitted to the corresponding exchange office.

(2.) If the amount of the money order is not indicated in the currency of the country of destination, the original amount shall be struck out by the forwarding exchange office, and replaced above by an indication, in red ink, of the amount (in figures and in writing) expressed in the currency of the country of destination.

PARCELS

ARTICLE 16

(1.) The Contracting Administrations admit in their mutual relations insured or uninsured parcels up to 20 Kgs. in weight, besides bulky parcels and parcels to be delivered by express.

(2.) The amount for which parcels may be insured is not limited.

(3.) Parcels are divided according to weight into lots of 5, 10, 15 and 20 Kgs.

(4.) Each parcel must be accompanied by a separate despatch-note.

(5.) Customs declarations must be written in the French language.

ARTICLE 17

Rates according to weight on parcels exchanged between the countries interested will be fixed by special agreements reducing such rates as far as possible.

ARTICLE 18

Reciprocal transmission of parcels, insured or uninsured, up to 20 Kgs. in weight, is guaranteed when the parcels are destined for countries to which each of the Administrations sends parcels of the same kind.

The territorial transit rate for parcels coming from one of the Contracting Countries and in transit through one of the other Contracting Countries is 30 centimes for each parcel, and for each 5 Kgs. in weight. The tax is augmented 50% for bulky parcels.

For insured parcels a territorial transit charge of 5 centimes per 300 francs, or fraction thereof, of the insured value reverts to each country.

The Contracting Administrations shall make known to each other directly, by means of a special table, the countries in regard to which they may act as intermediaries for the transportation of parcels, indicating the total amount of compensation.

ARTICLE 19

Each country shall collect from the consignee the charges fixed by its internal regulations for delivery, accomplishment of customs formalities, storage, etc., of parcels exchanged between those countries.

ARTICLE 20

The reforwarding of parcels within the country of destination is subject to a reforwarding fee based on internal regulations.

Such fees are not cancelled in case of reforwarding or returning parcels to another country; this applies also to the charges indicated in Article 19.

ARTICLE 21

Parcels shall be transmitted in open mails between the exchange offices designated by the interested Administrations; very small parcels may, however, be inserted in bags.

As soon as possible after concluding the preparations necessary for the appropriation of the required premises, the Contracting Administrations shall make known to each other the places chosen for mutual delivery of parcels.

SHIPMENTS TO BE PAID ON DELIVERY ("C. O. D.")

ARTICLE 22

(1.) Articles sent by letter post, insured letters and boxes, as well as parcels exchanged by post between the respective countries may be sent with the charges collectable on delivery ("C. O. D.").

(2.) The maximum allowed for such charges is the same as that fixed for postal money orders.

ARTICLE 23

Special rates for parcels to be paid for on delivery ("C. O. D.") are fixed according to rates stipulated in the respective Convention of Madrid, but each Administration reserves the right to establish a scale of rates suitable to its own monetary requirements.

RESPONSIBILITY

ARTICLE 24

(1.) No responsibility is assumed in cases beyond control.

(2.) Should a registered article be lost, the sender is entitled to an indemnity of 50 francs calculated on the basis of the equivalent adopted by each of the Contracting Countries as the rate for letters at the time of posting.

(3.) In the service between these countries the maximum amount of indemnity to be paid in the case of the loss or theft of, or damage to, an uninsured parcel may not exceed two francs per kilogram, or fraction thereof, of the weight of the parcel, the franc to be calculated on the basis of the equivalent adopted by each of the Contracting Countries as the rate at the time of posting.

For insured letters, boxes and parcels, the indemnity paid may not exceed the amount for which the articles were insured, expressed in the currency of the country of origin.

FINAL PROVISIONS

ARTICLE 25

The present Arrangement shall come into force for each of the signatory Administrations one month after ratification by the competent authority of each State. The Administration in question will thereupon be considered bound by the present Arrangement in so far as the Administrations which have already approved the Arrangement are concerned.

The Arrangement will remain in force indefinitely; however, each of the Contracting Parties is entitled to withdraw from this Arrangement, provided that due notice be given two months in advance.

Denunciation may affect one or more services and may refer to all or to several of the Contracting Administrations. The Arrangement will then remain in force as regards the other services, or the other countries, as the case may be.

The Contracting Administrations may at any time change the provisions of this Arrangement, by common consent.

ARTICLE 26

If any one of the Contracting Administrations is unable to accept the provisions of this Agreement, it will, nevertheless, undertake to render active its insured letters service and its insured or uninsured parcel post service, according to international regulations. within three months from the signing of this Arrangement.

DONE at Portorose the twenty-third day of November, one thousand nine hundred and twenty-one, in French and in Italian, and in a single copy which will remain deposited in the archives of the Government of the Kingdom of Italy, and of which authenticated copies will be sent to each of the signatory Administrations.

For:

AUSTRIA:

HUNGARY:

ITALY:

ROUMANIA:

THE SERB-CROAT-SLOVENE KINGDOM:

CZECHO-SLOVAKIA:

FINAL PROTOCOL

At the moment of signing the Arrangement concluded on this day the undersigned representatives of the Contracting Administrations are agreed as follows:

ARTICLE I

The Contracting Administrations shall make known to each other as soon as possible the date of the coming into force of this Arrangement.

The different services may also be inaugurated independently.

ARTICLE 2

With regard to several articles of the Arrangement the following reservations are made:

To Article 1.

HUNGARY and ROUMANIA will accept insured boxes, for the present, only when in transit through their own territory.

For the present, Italy will not give effect to the services for the exchange of insured boxes, postal money orders, remittances and claims. The same reservation applies to insured boxes in transit through Italian territory.

The SERB-CROAT-SLOVENE KINGDOM will not, for the present, give effect to the services for the exchange of insured letters and boxes, postal money orders, remittances and claims.

To Article 3.

AUSTRIA will not adhere to paragraph 3 of this Article.

To Article 6.

AUSTRIA and ITALY will not adhere to this Article.

To Article 8.

By exception to the provisions of this Article, Austria is able to modify provisionally the international transit tax by 25% only.

The SERB-CROAT-SLOVENE KINGDOM will not adhere, provisionally, to this Article.

To Article 9.

ITALY and the SERB-CROAT-SLOVENE KINGDOM will not adhere to this Article.

To Article 10.

Italy does not permit unlimited insurance, nor the enclosure of cash in insured letters.

To Article 15.

In HUNGARY all offices connected by telegraph or by telephone will accept money orders; the amount transmitted is expressed by the senders in the currency of the country of destination. Meanwhile, no particular exchange offices are designated; no special stamp is used, and money orders sent to Hungary need not be sent to specially designated exchange offices.

To Article 16.

AUSTRIA does not allow parcels whose insured value exceeds 1,000 francs.

ITALY does not allow parcels weighing more than 5 Kgs., nor parcels to be delivered by express, nor may the insured value of parcels be unlimited.

ROUMANIA will not deliver parcels by express.

In the SERB-CROAT-SLOVENE KINGDOM express service is limited to places where there is a post-office; insured value may not exceed 1,000 francs.

To Article 17.

In relations with ROUMANIA and the SERB-CROAT-SLOVENE KINGDOM, the terminal rate for parcels up to 5 Kgs. in weight is 50 centimes. For parcels exceeding that weight, the rate is 40 centimes extra for every additional 5 Kgs. The SERB-CROAT-SLOVENE KINGDOM will, moreover, exact the additional fee of 25 centimes per parcel, which is indicated by the Madrid Convention.

ROUMANIA waives the additional 25 centimes in her relations with all the Contracting Parties.

To Article 18.

Provisionally, AUSTRIA will not grant a reduction of transit rates except to adjacent countries which adopt reduced rates for parcels.

The SERB-CROAT-SLOVENE KINGDOM will not grant, meanwhile, a reduction of transit rates. Transit rates for parcels over 10 Kgs. are 40 centimes extra for every additional 5 Kgs.

To Article 24.

In relations with Italy, the indemnity to be paid is 25 francs maximum for each uninsured parcel; the indemnity is calculated

on the basis of the equivalent of the parcel rate at the time of posting.

To Article 26.

The Postal Administration of the SERB-CROAT-SLOVENE KINGDOM makes special reservations regarding the agreement contained in Article 26 referring to the insured letters service.

ARTICLE 3

The Administrations which have indicated, in the Final Protocol, their reservations to the present Arrangement, may at any time withdraw such reservations by means of an official letter addressed to the other Administrations.

ARTICLE 4

The Arrangement and the Final Protocol will remain open in favor of Poland, to permit that country to adhere to them subsequently.

ARTICLE 5

In view of special conditions affecting the service of several of the Contracting Administrations, a special agreement annexed hereto has been concluded between AUSTRIA, HUNGARY, ROUMANIA and CZECHO-SLOVAKIA to apply other reductions and simplifications concerning the service in question.

It is understood that each of the other Contracting Administrations may at any time become a party to the special Arrangement by notifying the signatory parties of their intention, through the ordinary administrative channels.

DONE at Portorose the twenty-third day of November, one thousand nine hundred and twenty-one, in French and in Italian, and in a single copy which will remain deposited in the archives of the Government of the Kingdom of Italy, and of which authenticated copies will be sent to each of the signatory Administrations.

For:

AUSTRIA:

HUNGARY:

ITALY:

ROUMANIA:

THE SERB-CROAT-SLOVENE KINGDOM:

CZECHO-SLOVAKIA:

III

SPECIAL ARRANGEMENT

regarding postal relations between AUSTRIA, HUNGARY, ROUMANIA and CZECHO-SLOVAKIA.

By virtue of Articles 22 and 23 of the principal Convention of Madrid, and with the Arrangement concluded at Portorose as a basis, the undersigned representatives of the Contracting Postal Administrations of the countries indicated above are agreed as follows, subject to approval by the competent authorities of their States:

LETTER POSTAGE

ARTICLE 1

Newspapers, including their supplements and editions printed in relief for the use of the blind, are carried reciprocally according to internal rates.

INSURED LETTERS AND BOXES

ARTICLE 2

The rate of insurance is fixed as follows:

(a) in Austria: 5 kronen per 3000 kronen (30 francs) or fraction thereof;

(b) in Hungary and in Roumania: 5 centimes per country and per 300 francs or fraction thereof, with a minimum of 20 centimes;

(c) in Czecho-Slovakia: 50 centimes per 300 francs or fraction thereof;

POSTAL MONEY ORDERS

ARTICLE 3

The maximum amount of a single money order is fixed as follows, according to destination:

addressed to:	maximum amount:
Austria	10,000 Austrian kronen
Hungary	10,000 Hungarian kronen
Roumania	2,000 lei
Czecho-Slovakia	3,000 Cs. kronen

ARTICLE 4

Postal money order rates are fixed as follows:

(a) in Austria

up to 500 kronen: 5 Austrian kronen

up to 1000 kronen: 10 Austrian kronen

with an additional charge of 5 kronen for each 1000 kronen or fraction thereof, over and above the first 1000 kronen.

(b) in Hungary

up to 100 kronen: 1 Hungarian krone

up to 200 kronen: 2 Hungarian kronen

with an additional charge for all over and above the first 200 kronen, of 1 krone per 200 kronen or fraction thereof.

(c) in Roumania

up to 100 lei: 1 leu

up to 200 lei: 2 lei

with an additional charge for all over and above the first 200 lei, of 1 leu per 200 lei or fraction thereof.

(d) in Czecho-Slovakia

up to 50 Cs. kronen: 50 Cs. deniers

up to 100 Cs. kronen: 100 Cs. deniers

with an additional charge for all over and above the first 100 kronen of 50 Cs. deniers per 100 kronen or fraction thereof.

ARTICLE 5

Monthly accounts shall be sent to the following addresses:

(a) AUSTRIA: Post-Fachrechnungsdepartement II, Wien.

(b) HUNGARY: M. kir. postautalványok központi leszámoló hivatala, Budapest.

(c) ROUMANIA: Direction Générale des Postes et des Télégraphes à Bucarest.

(d) CZECHO-SLOVAKIA: Pöštovní poukázková ústředna, Praha. Payments shall be sent to the following addresses:

(a) AUSTRIA: Direction Générale des Postes à Wien.

(b) HUNGARY: M. kir. központi posta és távirda pénztár, Budapest.

(c) ROUMANIA: Direction Générale des Postes et des Télégraphes (Caseria Generala) à Bucarest.

(d) CZECHO-SLOVAKIA: Pöštovní úřad sekovy, Praha.

PARCELS

ARTICLE 6

(1.) The rate according to weight for parcels exchanged between Austria, Hungary and Czecho-Slovakia, consists of a charge of 30 centimes for each Administration and for each parcel and every 5 Kgs. in weight; for bulky parcels the rate is increased 50%.

(2.) The rate of insurance for parcels is fixed as follows:
 in Austria: 5 kronen per 3000 kronen (30 francs) of the insured value.
 in Hungary: 5 centimes per country and per 300 francs of the insured value.
 in Roumania: 5 centimes per country and per 300 francs of the insured value, with a minimum of 20 centimes.
 in Czecho-Slovakia: 50 centimes per 300 francs of the insured value.

(3.) Forwarding rates are as follows:

in Austria: 30 kronen up to 20,000 kronen (100 francs), 50 kronen for amounts exceeding 20,000 kronen;
 in Hungary: 30 centimes;
 in Roumania: to be indicated later;
 in Czecho-Slovakia: 2 kronen. 50 Cs. deniers.

ARTICLE 7

In the mutual relations between Austria, Hungary and Czecho-Slovakia, the office of origin pays the office of destination 30 centimes for every 5 Kgs. in weight, and for each parcel, with an increase of 50% for bulky parcels and, in the case of insured parcels, 5 centimes per 300 francs or fraction thereof of the insured value.

These Administrations waive, in their mutual relations, the payment of insurance charges for parcels whose insured value does not exceed 10 francs.

ARTICLE 8

Delivery charges will be collected anew each time a parcel is delivered at the residence of the addressee after a first unsuccessful attempt to deliver the parcel has been made.

ARTICLE 9

(1.) In the relations between Austria, Hungary, and Czecho-Slovakia parcels must be entered by the forwarding office on a special parcel-bill already in use in the service of these Administrations.

(2.) Individual entries must be made for:

- (a) parcels in bags;
- (b) parcels whose insured value exceeds 10 francs;
- (c) parcels on which postage, foreign postage or other charges are to be paid;
- (d) parcels coming from or going to a third country;
- (e) redirected or returned parcels;
- (f) parcels sent post free.

All other parcels are to be entered collectively.

(3.) For parcels on which no postal or other charges are to be collected, the payments to be made according to weight are not to be entered in column 15 of the parcel-bills, but in columns 10-13 by indicating the number of such parcels, regardless of whether they are entered individually or collectively. The number of bulky parcels is entered, in this case, as the denominator of a fraction, of which the numerator is the number of ordinary parcels. Only in the case of parcels insured for more than 10 francs and of parcels to be delivered by express is the payment resulting from the insurance or express charges entered in column 15.

(4.) If the original despatch-note of a parcel is missing, the payments must be entered based on the supplementary despatch-note relating thereto.

(5.) Uninsured parcels and parcels whose insured value does not exceed 10 francs (ordinary parcels) on the one hand, and parcels whose insured value exceeds 10 francs (*colis valeur*) on the other hand, must always be entered in two separate parcel-bills with the indication "C. ord" (*colis ordinaire*) or "C. val" (*colis valeur*) as the case may be.

(6.) Parcels whose insured value is from 10 to 400 francs will be furnished with a particular label marked "V," (in Austria "W") and parcels whose insured value exceeds 400 francs will be furnished with a label marked "V. V.," (in Austria "W. W.").

ARTICLE 10

Mutual delivery of parcels with the documents referring to them shall be accomplished at the points of exchange in the following manner:

(1.) Uninsured parcels and parcels insured for 10 francs or less will be delivered collectively according to their number inscribed on the delivery list.

(2.) Parcels whose insured value exceeds 10 francs will be delivered one by one according to their respective parcel-bill entries on the delivery list.

ARTICLE 11

The accounts departments of the respective Administrations will furnish a monthly account showing the statements of arrival as furnished by the exchange offices, and will forward it with the parcel-bills and statements of arrival in confirmation thereof, for verification by the other Administration, within two months following the month to which the account refers.

After mutual verification and acceptance, the Administration of the country to whom the highest amount is due will state the general account.

The gold franc is used as a basis for mutual settlements. The settlement resulting from the balancing of the accounts, expressed in gold francs, will be converted at the rate of 1 gold franc = 0.192957 dollars.

Amounts in dollars will be converted into the currency of the creditor country at the mean rate of exchange quoted at the Stock Exchange of the capital of the creditor country, for the month to which the accounts refer, and paid in the currency of the creditor country.

The debtor Administration may settle such accounts by means of partial payments, as in the postal money order service.

ARTICLE 12

Parcels sent by through mails between one of the Contracting Countries and a third country are conveyed without stops or subjection to customs formalities; a duplicate shipping bill relating to these through mails must be sent to the intermediate exchange office. Closed cars must be sealed by the despatching office and by financial authority of the intermediate country.

Payment of charges by the forwarding Administration to the

intermediate Administration is made on the basis of statements prepared by the exchange offices of the receiving Administration. Should this proceeding inconvenience either of the Contracting Administrations in any way, an agreement may be sought with the other Administration as to a different method of procedure.

PARCELS TO BE PAID FOR ON DELIVERY. ("C. O. D.")

ARTICLE 13

Special rates for parcels to be paid for on delivery ("C. O. D.") are as follows:

- (1.) In Austria: to be indicated later.
- (2.) In Hungary: 5 Hungarian kronen per 500 kronen, or fraction thereof.
- (3.) In Roumania: 2 lei per 200 lei or fraction thereof.
- (4.) In Czecho-Slovakia: 50 deniers up to 50 Cs. kronen, 100 deniers up to 100 kronen, and 100 deniers per 100 kronen, or portion thereof, for all over and above the first 100 kronen.

INDEMNITIES

ARTICLE 14

(1.) Indemnities paid by one Administration for another are to be refunded by the latter by means of official postal money orders.

Should that service not be in operation, the indemnities paid may be included in the reciprocal parcel post accounts.

(2.) Negotiations on the subject of damages are within the province of the Postal and Telegraphic Departments interested.

Where agreements cannot be reached, the Postal Administrations will intervene to settle the claims.

FINAL CLAUSES

ARTICLE 15

The present Arrangement will come into force immediately after ratification by the competent Administrations.

At the same time the provisions of the Arrangement concerning postal relations between Austria, Hungary, Italy, Roumania, the Serb-Croat-Slovene Kingdom and Czecho-Slovakia, will become valid in all that concerns the undersigned Administrations.

The Contracting Administrations will communicate to each other as soon as possible the date of the coming into force of these provisions.

The different services may be inaugurated independently.

However, taxes and duties will become effective on January 1, 1922.

DONE in five originals and signed.

Portorose, the twenty-third day of November, one thousand nine hundred and twenty-one.

For:

AUSTRIA:

HUNGARY:

ROUMANIA:

CZECHO-SLOVAKIA:

FINAL PROTOCOL

At the moment of signing the special Arrangement concluded on this day, the undersigned representatives of the Contracting Administrations are agreed as follows:

ARTICLE I

Article I of the Arrangement, concerning newspapers, will not be enforced by Roumania; in the mutual relations between Hungary and Czecho-Slovakia Article I will be enforced only after the prohibition against importing Hungarian newspapers into Czecho-Slovakia has been abolished.

ARTICLE 2

(1.) As an exception to paragraph 1 of Article 6 of the Arrangement the rate according to weight for parcels sent from Austria to Hungary and Czecho-Slovakia consists, provisionally, of the Austrian internal rate, viz.:

for parcels up to 5 Kg:	70 kronen
for parcels up to 10 Kg:	160 kronen
for parcels up to 15 Kg:	240 kronen
for parcels up to 20 Kg:	330 kronen

with an additional charge of 30 cts. per parcel and for every 5 Kgs. For bulky parcels the rate is augmented 50%.

(2.) In consideration of the preceding paragraph, Hungary reserves the right to apply eventually, as regards reciprocal

exchange with Austria, those taxes stipulated in the Parcel Post Convention of Madrid, either at the time of the coming into force of the present special Arrangement or at a later date.

(3.) For parcels up to 1 Kg. in weight exchanged between Roumania on the one hand, and Hungary and Czecho-Slovakia on the other, each Administration agrees upon a fee of 30 centimes as the rate according to weight.

ARTICLE 3

(1.) For postal service concerning Roumania all parcels must be entered individually by the despatching office on a parcel-bill whose formula agrees with the international model.

(2.) Paragraphs 2 and 4 of Article 9 of the present Arrangement will not apply in cases where the despatching exchange office is not certain of the amount of foreign postage or charges (for example, in cases of redirecting or returning parcels). A later settlement will be made on the basis of the original despatch-note by means of a duplicate despatch-note.

ARTICLE 4

The number of customs declarations exacted for postal parcels is at present as follows:

	<i>At the destination</i>	<i>In transit</i>
Austria	1	—
Hungary	2	1
Roumania	2	1
Czecho-Slovakia	1	1

ARTICLE 5

Equivalent rates now in force are:

For articles sent by letter postage:

In Austria	1 franc	20 Austrian kronen
In Hungary	1 franc	10 Hungarian kronen
In Roumania	1 franc	6 lei
In Czecho-Slovakia	1 franc	5 Cs. kronen

For parcels and for insured letters and parcels:

In Austria	1 franc	100 Austrian kronen
In Hungary	1 franc	30 Hungarian kronen
In Roumania	1 franc	20 lei
In Czecho-Slovakia	1 franc	15 Cs. kronen

DONE in five originals and signed.

Portorose, the twenty-third day of November, one thousand nine hundred and twenty-one.

For:

AUSTRIA:

HUNGARY:

ROUMANIA:

CZECHO-SLOVAKIA:

IV

RECOMMENDATION REGARDING AN AERIAL POSTAL CONVENTION

The Delegates of the Postal Administrations of AUSTRIA, HUNGARY, ROUMANIA, the SERB-CROAT-SLOVENE KINGDOM and CZECHO-SLOVAKIA, acting upon the invitation of the Italian Delegation to conclude a special agreement for the purpose of establishing a regular aerial postal service and realizing, moreover, the advantage of concluding such an agreement as soon as possible, in order to develop and accelerate the services for the exchange of correspondence,

RECOMMEND, together with the Italian Delegation, that the Delegates of the Postal Administrations of the States which have acquired territories of the former Austro-Hungarian Monarchy, or which have arisen from the dismemberment of that Monarchy, hold a conference in the near future to study that question and to conclude a detailed agreement, followed by a detailed regulation, for the establishment of a rapid and regular aerial postal service for direct communication between the more important centers of the interested States, even across the territory of intervening States;

AND DECLARE it to be highly desirable that those of the States above mentioned who do not as yet participate in the International Aerial Convention take the necessary steps, as soon as possible, to regulate on their part the general principles governing aerial navigation.

DONE at Portorose the sixteenth day of November, one thousand nine hundred and twenty-one, in French and in Italian.

V

RECOMMENDATION REGARDING A POSTAL
CONFERENCE

Considering the agreement concluded between the Postal Administrations of the States represented at the Economic Conference of Portorose, and the advantages which doubtless will result therefrom for a more extensive exchange of articles of all sorts by mail,

Considering Article 5 of the Final Protocol of the Postal Arrangement,

And considering, finally, the recommendation made by the Delegates of all the interested Postal Administrations regarding aerial posts,

On the proposal of the Delegate of the Czecho-Slovakian Postal Administration,

THE CONFERENCE RECOMMENDS:

That a postal conference be convened at Prague to decide those questions which at present are left open.

The Czecho-Slovakian Postal Administration will be in charge of the preliminary operations, and will notify the interested Postal Administrations of the date of the conference.

Done at Portorose the sixteenth day of November, one thousand nine hundred and twenty-one, in French and in Italian.

VI

RECOMMENDATION REGARDING THE OFFICIAL
NAMES OF PLACES

The Economic Conference of Portorose has observed that several of the States succeeding to the former Austro-Hungarian Monarchy have adopted official names for cities and localities of their country, which differ from the names used in the aerial service, the former of which have been or will be communicated to all the members of the Universal Postal Union through the services of the International Bureau of Berne.

Should the public not make use of the new names in addressing articles sent six months after the publication of the new dictionary of the Berne Postal Bureau, the Administrations of destination will decline all responsibility for delays or for the eventual return to their place of origin, of all articles sent by mail without the official name of the localities in the country of destination.

Meanwhile, it would be well for the Postal Administrations of the interested countries to draw the attention of their public to this change in names.

DONE at Portorose the sixteenth day of November, one thousand nine hundred and twenty-one, in French and in Italian.

VII

ARRANGEMENT

concluded between AUSTRIA, HUNGARY, ITALY, POLAND, ROUMANIA, the KINGDOM of the SERBS, CROATS AND SLOVENES and CZECHO-SLOVAKIA, regarding the amelioration and simplification of telegraph and telephone services.

By virtue of Article 17 of the International Telegraphic Convention of St. Petersburg, the undersigned representatives of the Telegraph Administrations of the above-mentioned States have agreed, by common consent, upon the following provisions:

ARTICLE I

The Contracting Administrations undertake to guarantee regular telegraph and telephone communication on the basis of the existing system.

They also undertake to establish and to exploit new telegraph and telephone communications when necessary, either for the rapid transmission of telegraphic communications, terminal or in transit, or to ensure the exchange of conversations by telephone between centers having important industrial or commercial relations.

Each of the Administrations interested shall, within the territory of their respective countries, see to the establishment and maintenance of new telegraph and telephone lines. The interested Administrations reserve the right to make special agreements with one another on the subject of the necessary charges for the establishment of such communications.

ARTICLE 2

Considering the development and increase of telephone and telegraph traffic, and the difficulties now opposed to the rapid installation of new wires for the transmission of correspondence and conversations, the Contracting Administrations agree to take the necessary steps without delay to assure that all telegraph and telephone wires which have been placed at the disposal of the Missions of foreign States be returned to public service beginning January 1, 1922.

ARTICLE 3

Austria and Italy agree to study the question of ameliorating the telegraph service between Rome and Berlin, through the installation at Innsbruck of a Baudet relay on the line connecting the two offices indicated. When necessary, the Administrations in question shall agree as to the payment of the cost of installing the relay.

They undertake, moreover, for the purpose of reducing transit charges, to install during the course of the coming year (1922) the sections of wire necessary, by way of Tarvisio, that direct telegraphic communications between Trieste and Graz, and between Trieste and Prague, and telephone communications between Trieste and Vienna, may no longer be obliged to cross the territory of the Kingdom of the Serbs, Croats and Slovenes.

Until the said communications shall have been transferred, the Administrations of Austria and of the Serb-Croat-Slovene Kingdom undertake to ensure regular and continuous service on the telegraph lines connecting, through the territory of those States, Trieste, on the one hand, with Graz and Prague, on the other hand.

They undertake also to restore to service between Trieste and Vienna the telephonic circuits which connected those cities before the war, and to restore immediately one of the circuits now interrupted. Meanwhile, the Administrations mentioned undertake to grant immediately, on the existing circuit, absolute priority to conversations by telephone from Trieste to Prague, and vice versa, and from Trieste to Vienna and Graz, and vice versa, over all other conversations from or to the stations at Prague, Vienna, Graz and Ljubljana.

Should there be, at the same time, conversations from Trieste

with Vienna and Prague, or vice versa, such conversations shall be alternated.

Italy and the Kingdom of the Serbs, Croats and Slovenes agree to install within the course of the coming year (1922) the wires necessary to expedite a direct telephone communication between Trieste and Belgrade; the Administrations of the said countries and of Hungary agree to install within the same time, the wires necessary for a direct telephonic communication between Trieste and Budapest.

Within the same period Italy and the Kingdom of the Serbs, Croats and Slovenes undertake to establish the sections of wire necessary for a direct telegraphic communication between Paris and Belgrade, by way of Milan-Ljubljana.

Finally, the Kingdom of the Serbs, Croats and Slovenes undertakes to restore, as soon as possible and not later than May 1, 1922, the Zara-Split telegraphic communication.

ARTICLE 4

Austria and Hungary undertake to consider the following questions:

(a) the amelioration of the telegraph system between Budapest and Paris by the installation of the Baudet *échelon* system, and Hungary agrees to furnish the interested Administrations, at the proper time, with the relays necessary for the effective functioning of that communication.

(b) the amelioration of the service between Budapest and Zurich.

ARTICLE 5

The Kingdom of the Serbs, Croats and Slovenes undertakes to restore, as soon as possible, the wires necessary to expedite:

(a) Budapest-Subotica and Budapest-Sofia telegraph communications;

(b) telephone communications between Budapest and Zagreb, Budapest and Subotica, Budapest and Belgrade;

(c) direct telegraph communication between Belgrade and Vienna, by way of Hungary;

(d) direct telephone communication between Belgrade and Vienna, by way of Hungary.

ARTICLE 6

Roumania agrees to restore the wires necessary to expedite the Szeged-Arad-Temesvar telegraph communication not later than January 1, 1922, and, not later than July 1, 1922, the telephone communication between Bucarest and Budapest, and to extend the Vienna-Temesvar telegraph line to Bucarest.

ARTICLE 7

The interested Administrations undertake to establish by July 1, 1922, at the latest:

1. A direct telegraph communication between Budapest and Lwow, by way of Kosico;

2. A direct telegraph wire from Bratislava to Belgrade to establish the Bratislava-Sofia communication by way of Budapest;

3. A direct telegraph communication between Bratislava and Zagreb by way of Hungary;

4. A direct telegraph communication between Budapest and Nitra, and another between Budapest and Zvelen;

5. A second telegraph communication between Warsaw and Vienna, using the wire that is now at the disposal of the American Mission;

6. A direct telephone communication between Budapest and Vienna by way of Bratislava;

7. A direct telephone communication between Bratislava and Belgrade by way of Hungary;

8. A direct telephone communication between Bratislava and Zagreb by way of Hungary;

9. A direct telephone communication between Budapest and Prague;

10. A direct telephone communication between Budapest and Kosico;

Moreover, Poland undertakes to install as soon as possible the wires necessary to permit telephone communications between Warsaw, on the one hand, and Prague, Vienna and Budapest, on the other.

ARTICLE 8

Roumania and Czecho-Slovakia undertake to establish as soon as possible telephone service between those countries, either directly or by way of Hungary.

Austria, the Serb-Croat-Slovene Kingdom and Czecho-Slovakia undertake to establish as soon as possible a direct telephone circuit between Prague and Zagreb, by way of Bratislava and Vienna.

Poland and Czecho-Slovakia undertake to establish telephone communications between their countries without delay, using wire No. 3559, from which will be eliminated the stations at Bielsko and Cieszin. The extreme points of that line will be: on Polish territory, Cracow, and on Czecho-Slovakian territory, provisionally Mistek, and as soon as possible Olomouc.

ARTICLE 9

Telegraph charges due the Contracting Administrations for telegrams exchanged between them, will be collected by each of the interested Administrations in the form most suitable to that Administration.

ARTICLE 10

Charges collected for telegrams exchanged directly between adjacent countries should not be included in the telegraph accounts.

ARTICLE 11

The interested Administrations grant reciprocal free transit for all internal telegraph correspondence, in cases where it cannot be sent on their own lines.

ARTICLE 12

When telegrams exchanged between adjacent countries are sent, in case of necessity, through the medium of a third Contracting Country, the Administration of origin shall pay the Administration of transit a tax of 2 centimes per word, reduced to one centime for press telegrams, except in the relations with Hungary. No such tax shall be paid, however, for telegrams exchanged between Italy, the Serb-Croat-Slovene Kingdom and Austria, through the medium of one of those three States.

ARTICLE 13

The repayment of charges relating to telegrams exchanged between adjacent countries, including fees collected for answers

paid in advance, shall be incumbent upon the Administration collecting the charges, regardless of which Administration is responsible for the mistakes.

The same rule applies to the repayment of charges for telegrams exchanged between Contracting States connected by direct wires and sent over those wires, but not to the repayment of charges paid in advance for answers which for any reason were not sent.

The Contracting Administrations undertake to study the question of accelerating claims services by authorizing that the exchange of administrative correspondence relating to claims services be exchanged directly between the telegraph offices or regional agencies interested.

ARTICLE 14

The Contracting Administrations undertake to ensure that telegrams be forwarded as rapidly as possible, according to the rules of priority established by article XXXII of the International Telegraph Regulation (Lisbon revision), without regard to the offices of origin or of destination, making use of secondary lines as far as possible when the main lines are interrupted or obstructed, and having recourse to the mails only in case of absolute necessity.

The Contracting Administrations undertake to make all necessary repairs as quickly as possible should the lines become out of order.

ARTICLE 15

If the exchange and acceptance of monthly telegraph accounts and quarterly settlements cannot be accomplished within the time indicated in Article LXXIX of the International Telegraph Regulation (Lisbon revision), the Contracting Administrations agree to pay, within six months after the quarterly period, the balance for that quarter as established by a provisional account prepared by the creditor office, subject to revision in a later account of such differences as may be revealed in the mutual settlement of the monthly accounts by the Parties.

However, the Contracting Administrations reserve the right to delay paying the accounts for the years 1918 and 1919 until

April 1, 1922 at the latest; for the year 1920 until July 1, 1922; and for 1921, until October 1, 1922 at the latest.

It is understood that for Austria liability for the year 1918 refers only to the last quarter of that year.

ARTICLE 16

The Contracting Administrations agree to apply the provisions of Article 1 of the Final Protocol of the Detailed Regulations of the Principal Convention of Madrid (1920) to the payment of the balance resulting from the settlement of telegraph and telephone accounts, considering the dollar of the United States of America as currency having a gold par value, and fixing the equivalent of the gold franc at 0.192957 dollars.

ARTICLE 17

The present Arrangement will be considered binding only after ratification by the respective Administrations, at which time it will receive immediate execution, except for those Articles wherein a precise date is specified.

Should one or more Administrations fail to ratify the Arrangement, it will be none the less valid for the Administrations that shall have ratified it.

This Arrangement will remain in force as long as it is not contrary to any of the provisions of the International Telegraph Convention or its attached Detailed Regulations, or until six months after denunciation, which will be effective only as regards the Administration in whose name the denunciation is made.

DONE at Portorose, the twenty-third day of November, one thousand nine hundred and twenty-one, in French and in Italian, and in a single copy which will remain deposited in the archives of the Government of the Kingdom of Italy, and of which authenticated copies will be sent to each of the signatory Administrations.

For:

AUSTRIA:

HUNGARY:

ITALY:

POLAND:

ROUMANIA:

THE SERB-CROAT-SLOVENE KINGDOM:

CZECHO-SLOVAKIA.

VIII

RECOMMENDATION REGARDING TELEGRAPH
AND TELEPHONE SERVICES

THE CONFERENCE RECOMMENDS

That a conference of technical experts of the Administrations represented at the Economic Conference of Portorose be convened as soon as possible, to study technical questions regarding the method of constructing telegraph and telephone lines, of utilizing diverse systems of transmission and relaying, particularly as regards multiple telegraphy, in order to effectuate a better and more intense exploitation of the wires existing or to be constructed, and to study technical questions regarding radio-telegraphy.

THE CONFERENCE RECOMMENDS,

Moreover, that on that occasion the administrative delegates of the Administrations interested meet to conclude agreements concerning the propositions to be submitted for examination at the next world conference.

DONE at Portorose the sixteenth day of November, one thousand nine hundred and twenty-one, in French and in Italian.

IX

AGREEMENTS

concluded between AUSTRIA, HUNGARY, ITALY, POLAND, ROMANIA, the SERB-CROAT-SLOVENE KINGDOM and CZECHO-SLOVAKIA, regarding a transitory régime for the circulation of the rolling stock of the former Austro-Hungarian Monarchy, applicable until the final distribution of the stock.

The representatives of the Succession States assembled at Portorose recognize the necessity of applying the Stresa (R. I. V.) and Berne (R. I. C.) Conventions to the rolling stock of the Succession States. They have considered the difficulties resulting from the fact that the freight-cars of the Austro-Hungarian Common Rolling Stock have not yet been definitely divided, and

that, moreover, the final disposal of cars of other categories has not yet been clearly regulated.

To offset these difficulties the representatives of the Succession States have unanimously decided to apply the above-mentioned Conventions and the following temporary régime to the rolling stock in question, with the understanding that the Governments of the Succession States agree to make all possible efforts to hasten the final distribution of the Common Rolling Stock, and to complete the second partial allocation of the freight cars (now under consideration by the Distribution Commission) in the course of the coming year, that allocation to be followed immediately by the final allocation of the remaining rolling stock.

1. *Provisional marking for the cars of the Common Rolling Stock.* Dating from January 1, 1922, all freight-cars belonging to the Common Rolling Stock of the former Monarchy, and coming from the territory of one of the Succession States, will be given provisional marking as belonging to that State if it has not already been given such marking.

In Italy, this provisional marking is fixed at 2,000 cars of the Common Rolling Stock.

The cars of the Common Rolling Stock that have received this provisional marking and those which had already been provided with new marking will, from that date, be treated, as regards their circulation, as if belonging to the States whose marking they bear.

2. *Settlement of debts in cars.* The Representatives of the Succession States recognize the necessity of settling the debts in cars of the Common Rolling Stock, resulting from exchanges between those States up to January 1, 1922. With regard to this settlement, the procedure shall be as follows

(a) The Committee on Circulation of the Rolling Stock will attempt to bring the States to an agreement to fix the amount of such debts;

(b) If, however, certain States should not agree, the President of the Circulation Committee, on advice of the President of the Distribution Commission, will settle the differences as an arbitrator.

3. *Leasing charges.* Between the Succession States the leasing charges indicated by the Convention of Stresa will be subject to certain reductions to be fixed as specified below. Because of the differences which will be disclosed as between the numbers of cars

finally allotted and the numbers of cars formerly belonging to the Common Rolling Stock, which will be at the disposal of each State after provisional marking, it will be necessary to make corresponding adjustments in the settlement of leasing charges. These adjustments should be made by compensation, avoiding settlement by transfer of individual cars.

4. *Confiscated cars, booty of war and armistice.* Cars included in the lists of rolling stock claimed as confiscated or as booty of war or of armistice, will be considered, for circulation purposes, as belonging to the State claiming them.

Until the decision of the Distribution Commission is made, disputes concerning such cars must not prevent their use as belonging to the State whose mark they bear.

This applies equally in the case of Roumania, notwithstanding the fact that a decision in principle is awaited from the competent authority concerning a portion of the rolling stock to which Roumania makes claim.

For the purpose of applying the Stresa Convention to all of this rolling stock from January 1, 1922, the respective lists must be completed and presented in full within the proper time to the Distribution Commission.

The adjustments resulting from the modification of the lists after the decisions made by the competent authorities will be applied to the settlement of leasing charges arising from the use of this rolling stock, by means of a system of compensation similar to that adopted for the cars belonging to the Common Rolling Stock.

Cars of that category which are at present outside the territory of the State claiming them and which do not as yet carry the mark of that State will be returned to the State in question when the second final partial allotment is made.

5. *Cars confiscated and captured from the Allied and Associated Powers.* Cars belonging to the Allied and Associated Powers, or to their nationals, which were captured or confiscated by the Central Powers and considered provisionally as assimilated into the Common Rolling Stock, will be dealt with as follows, with the exception of cases already provided for or to be provided for:

Until a final settlement has been made by the competent authorities, such cars must not leave the territory of the States where they are at present. They will not receive provisional marking, but the respective States holding them will be responsible for them.

6. *Passenger and freight cars in international traffic.* The representatives of the Succession States agree to apply the Convention of Berne (R. I. C.) to all passenger and freight cars now in circulation on international lines.

For that purpose each State shall furnish with a provisional property mark the passenger and freight cars of the Common Rolling Stock not yet newly marked. Each State shall indicate to the Distribution Commission the numbers of all cars used in that way which it does not claim as confiscated or as booty of war or of armistice.

7. *Conditions of application.* A meeting of experts of the Succession States, furnished with full powers, will be held before January 1, 1922, to regulate the details necessary to applying the Conventions of Berne and of Stresa, as well as the provisions of the present Agreement, to all of the rolling stock of the Succession States. On that occasion the Administrations will communicate reciprocally the reductions in leasing charges which they judge necessary.

A second meeting will be held on June 1, 1922, to fix such reductions definitely.

Settlement of accounts by means of cash payments cannot be exacted until after such final regulations have been made.

The conference of experts which is to be held before January 1, 1922, will include representatives of the rolling stock and traction services to adapt the application of the Berne and Stresa Conventions to the orders and shipments of spare parts for the vehicles which have received provisional marking. For this purpose the representatives must be furnished with all necessary information concerning the available stock of spare parts, on the one hand, and the spare parts needed, on the other.

The Distribution Commission and the Committee on Circulation will take part in the meetings indicated in the preceding paragraph.

The Austrian Administration is requested to call the meetings.

RATIFICATION OF THE PRESENT AGREEMENT

Considering the necessity of applying the provisions of the present Agreement at the same date as the Stresa Convention, that is, on January 1, 1922, the representatives of the Succession States will request their respective Governments to indicate their adherence to the above Agreements as soon as possible, directly to

the Distribution Commission and the Committee on Rolling Stock in Central Europe, apart from the ratifications which are to be exchanged through diplomatic channels. Moreover, the said representatives shall ask their Governments to act as quickly as possible, that the first conference of experts may open on December 12, 1921.

X

AGREEMENTS

concluded between AUSTRIA, HUNGARY, ITALY, POLAND, ROMANIA, the SERB-CROAT-SLOVENE KINGDOM and CZECHO-SLOVAKIA concerning the restitution of privately owned railway cars.

A

AGREEMENT

among the Succession States concerning the mutual restitution of cars belonging to private nationals of those States, which are not included in the lists of cars claimed by the Allied and Associated Powers as confiscated, or as booty of war or of armistice.

(1.) The privately owned cars indicated above will be placed at the disposal of their owners without prejudice to the duties of the States towards their own nationals, and will not be furnished with the provisional marking indicated for the Common Rolling Stock if they were incorporated in the Common Rolling Stock before the dismemberment of the former Monarchy.

(2.) All the States undertake to notify all known foreign incorporators of privately owned cars, if necessary through the medium of the home station (*gare de dépôt—Heimatstation*), that these cars have been placed at their disposal, indicating whether or not the cars are in running condition and asking what action is to be taken regarding them.

(3.) Each Succession State Administration will invite all firms and establishments subject to its State that had incorporated cars in the Common Rolling Stock of the former Monarchy to send a list of their missing cars to the Committee on Circulation of Rolling Stock in Central Europe (CCMR) in Vienna.

Such lists should contain, besides the necessary indications (the

mark, No.—), mention of the home station (*gare de dépôt—Heimatstation*).

(4.) Each Administration will draw up a list of all the cars on its system which belong to individuals who are not nationals of that country, mentioning the communications made directly to the owners, according to paragraph 2.

The lists must be sent to the CCMR as soon as possible, and at the latest by January 1, 1922.

(5.) The States undertake to provide free transportation for all such privately owned cars, while they are being sent to the station indicated by the incorporator, by means of an international through way-bill inasmuch as the cars are empty.

When such cars are transported on railway systems belonging to private companies the respective States will ensure freedom from charges.

B

AGREEMENT

among the Succession States concerning mutual restitution of cars belonging to leasing companies, not included in the lists of cars claimed by the Allied and Associated States as confiscated, or as booty of war or of armistice.

(1.) Cars belonging to leasing companies, as indicated above, will be placed at the disposal of their owners if the Succession States have not yet concluded special agreements with those companies.

(2.) Such cars will not receive the provisional marks indicated for the Common Rolling Stock. The Committee on Circulation of Rolling Stock in Central Europe will make known the means by which they are to be identified.

(3.) Each of the Succession States will request the private leasing companies and railway companies within its territory to send a list of their missing leased cars to the CCMR as soon as possible, and by January 1, 1922, at the latest.

Hungary undertakes to inform the auxiliary international railway company at Brussels of the method of procedure in this matter.

(4.) The Committee on Rolling Stock will proceed to distribute the lists indicated in the preceding paragraph among the Administrations of the Succession States.

On such lists should be indicated, where possible, the "No." of the Company's inventory beside the "No." marked on the car by the incorporating Administration.

(5.) The States agree to have their Administrations investigate the whereabouts of the cars included in the lists indicated above after January 1, 1922, and to communicate the result of their efforts before March 1, 1922, to the respective owners who may then dispose of the cars.

For this purpose it will be necessary to indicate on the lists whether or not the cars are in running condition.

The provisions of the present Article do not apply to Italy who will return such cars automatically according to the provisions of the I. W. R.

(6.) The States undertake to grant free transportation to all cars indicated above, while on the way to the station indicated by the Company, by means of an international through way-bill inasmuch as the cars are empty. While such cars are in transit on systems belonging to private companies the respective States will ensure that they travel free of charge.

C

AGREEMENT

among the Succession States concerning mutual restitution of cars belonging to private railway companies, which are not included in the lists of cars claimed by the Allied and Associated States as confiscated, or as booty of war or of armistice, but irregularly employed.

(1.) The Succession States undertake to restore such cars as far as possible, up to January 1, 1922, to their respective owners without prejudice to the duties of the States toward their own nationals.

(2.) Each of the Succession States undertakes to notify the interested railway companies of the numbers of their cars within its territory which have not been restored on December 31, 1921, indicating whether the cars are in running condition or not.

Each State also undertakes to reach an agreement with the owners of such cars as to the settlement of financial questions resulting from their irregular use.

(3.) The preceding provisions apply equally to narrow gauge privately owned cars regardless of whether the respective lines

were exploited by the concessionaire company or by the former Austrian and Hungarian States.

(4.) The States undertake to transmit gratis all cars indicated by this decision when they are being sent, empty, to the station indicated by the owner, by means of an international through way-bill.

When such empty cars are in transit on systems belonging to private companies the respective States guarantee that they travel free of charge.

NOTE:

Narrow gauge cars belonging to the former Austrian and Hungarian States or to the Railway Administration of Bosnia-Herzegovina, which were pressed into service on other lines during the war, should be considered, if they are not included in the lists of claimed cars, in the sense of the preceding provisions, concerning the available stock of spare parts, on the one hand, and the spare parts needed, on the other hand.

RATIFICATION OF THE PRESENT AGREEMENTS

Considering the necessity of applying the provisions of the present Agreements immediately, the representatives of the Succession States will recommend that their respective Governments send their adherence to the above Agreements, as soon as possible, directly to the Distribution Commission and to the Committee on the Circulation of Rolling Stock in Central Europe, apart from the ratifications to be exchanged through diplomatic channels.

XI

AGREEMENTS

concluded between AUSTRIA, HUNGARY, ITALY, POLAND, ROUMANIA, the SERB-CROAT-SLOVENE KINGDOM and CZECHO-SLOVAKIA regarding the following questions:

- A Mutual assistance in rolling stock;
- B Repairs of rolling stock.

A. MUTUAL ASSISTANCE IN ROLLING STOCK

1. *Locomotives*

Considering the point now reached in the work of the Distribution Commission, and the present situation as regards the maintenance of locomotives, the Conference is of the opinion that there is no need of discussing the general question of mutual assistance in locomotives.

The Conference is of the opinion that the States may reach a satisfactory understanding on that point.

At the same time, the Conference recommends the extension of the agreements already concluded among certain States concerning shipments of mutual interest.

New agreements which may be concluded should be communicated to the Distribution Commission and to the Committee on the Circulation of Rolling Stock.

2. *Freight Cars*

Considering the progress made in the work of the Distribution Commission, and the decisions made by the Portorož Conference to improve conditions affecting the circulation of rolling stock, the Conference is of the opinion that it is not necessary to discuss the question of mutual assistance in freight cars especially in view of the fact that the Stresa Convention makes certain provisions on the subject of mutual assistance as regards freight cars.

Nevertheless, the Conference is of the opinion that the general situation could be improved in a short time by returning to service as indicated in the following paragraph the cars of the Common Rolling Stock which are at present withdrawn from circulation because of slight damages.

B. REPAIRS OF ROLLING STOCK

1. *Drawings of Spare Parts of the Common Rolling Stock*

Certain States have asked to be furnished with drawings to permit them to order the spare parts necessary to repair the rolling stock.

Accordingly, Austria and Hungary have declared themselves willing to furnish such drawings as far as possible, on payment of the necessary charges.

However, such requests should be presented as soon as possible that the work may be done at one time.

Moreover, in the interests of circulation, the Conference recommends a similar proceeding in the case of confiscated cars and cars considered as booty of war and of armistice.

2. *Repairing Slightly Damaged Cars of the Common Rolling Stock*

If the preceding measure and that indicated elsewhere of furnishing the necessary spare parts are not sufficient to return the cars in question to circulation in a short time, the States will have recourse to the following procedure:

The State possessing such cars and desiring to repair them promptly will send (if possible before February 1, 1922) an individual list indicating the repairs necessary and the spare parts to be used in the repairs. If the personnel necessary for drawing up exact lists promptly is not at the disposal of the State preparing the list, that State may make arrangements with another Succession State to obtain the assistance of experts.

The Distribution Commission will assist in concluding agreements between the Succession States for the purpose of hastening the repair of such cars as much as possible.

Such agreements may concern:

- (1.) Assistance in personnel to restore to circulation and set in motion the cars now in the possession of the various States.
- (2.) Assistance in supplying materials and spare parts.
- (3.) In case of absolute necessity arrangements may be made to repair the rolling stock of one State in the workshops of another.

To encourage the States to lend each other such assistance as outlined above for restoring freight cars to circulation, the States are agreed in principle that a part of the rolling stock of one State repaired with the assistance of another State will, if required, be leased to the latter for a definite period.

3. *Further Repairs of the Common Rolling Stock*

The Conference recognizes that the Distribution Commission alone is qualified to treat this question in its entirety, according to Article 318 of the Treaty of St. Germain and Article 301 of the Treaty of Trianon.

RATIFICATION OF THE PRESENT AGREEMENTS

Considering the necessity of applying the provisions of the present Agreements immediately, the representatives of the Suc-

cession States will recommend that their respective Governments send their adherence to the above Agreements as soon as possible directly to the Distribution Commission and to the Committee on the Circulation of Rolling Stock in Central Europe, apart from the ratifications to be exchanged through the ordinary diplomatic channels.

XII

RECOMMENDATION

regarding confiscated and captured rolling stock belonging to the Allied and Associated Powers.

In consideration of the proposal of the Polish Delegation on November 5 and 15, that of the Italian Delegation on November 14 and the answer of the Austrian Delegation on November 15, regarding rolling stock confiscated and captured from the Allied and Associated Powers, the Conference requests the President of the Distribution Commission to consult the competent authorities for the purpose of obtaining a decision regulating the final disposition of the rolling stock in question, that the measures adopted as a provisional régime affecting the rolling stock (which considerably restricts the free circulation of the rolling stock) be not unnecessarily prolonged.

DONE at Portorose, in French and in Italian, the twenty-third day of November, one thousand nine hundred and twenty-one.

XIII

AGREEMENTS

concluded between AUSTRIA, HUNGARY, ITALY, POLAND, ROUMANIA, the SERB-CROAT-SLOVENE KINGDOM and CZECHOSLOVAKIA to regulate international railway traffic.

For the purpose of facilitating international transportation of travelers and their baggage, and of freight, the High Contracting Parties are agreed, until the coming into force of a general Euro-

pean convention and without prejudice to the stipulations of that convention, upon the following provisions:

ARTICLE I

The Contracting Parties agree to take the necessary steps to abolish certain obstacles which are at present impeding regular passenger and freight traffic in Central Europe, particularly as regards international traffic on railway systems belonging to the Succession States.

For this purpose the Contracting Parties agree, in particular, to open to international traffic, as soon as possible and regardless of the goods to be shipped, all important frontier stations which are at present closed to international traffic, and to keep them open.

ARTICLE 2

To accelerate transit at the frontiers and to simplify the accompanying formalities, frontier services shall, as far as possible, be assembled in a common station. In that case the Contracting Party within whose territory is situated the common station will permit the other Contracting Party to establish a railroad agency therein.

The Contracting Parties are agreed that the services in the frontier stations should be regulated, as soon as possible, by means of special agreements to be concluded in a spirit of mutual accommodation.

ARTICLE 3

In cases where traffic is suspended or limited because of difficulties affecting circulation, the Railway Administrations affected by such difficulties shall reach an understanding with the Railway Administrations of the other interested State as to conditions under which traffic issuing from the territory of one of the Contracting Parties, or consigned to that territory, may be maintained.

ARTICLE 4

The Contracting Parties shall make particular efforts to meet the requirements of international through traffic on railway lines within their territory by providing good connections between trains and by mutual assistance and cooperation.

ARTICLE 5

Without prejudice to the Conventions now in force, the Contracting Parties agree to cooperate in restoring international through passenger trains, and in establishing new trains to meet present traffic requirements, which will be provided with suitable material and appropriate schedules and, where possible, with through coaches.

ARTICLE 6

The Contracting Parties will take the necessary steps to have their Railway Administrations conclude, without delay, agreements concerning the organization of long distance through freight trains (*directs à grands concours*), and the acceleration of certain transportation by means of single cars or groups of cars to facilitate particularly the transportation of food-stuffs, cattle, fuel, and of naphtha and its derivatives.

The Contracting Parties will request the Railway Administrations to indicate any transportation in bulk necessitating the use of complete trains, and to agree upon the best method of procedure in such cases.

ARTICLE 7

Freight traffic on the railways between the Contracting Parties will be effected under the régime of the International Convention on the transportation of freight by railway of October 14, 1890, with the modifications indicated by the additional Agreement of July 16, 1895, and the additional Conventions of June 16, 1898, and September 19, 1906, as well as the supplementary conditions and uniform Conventions worked out by the Committee on International Transportation.

However, in consideration of the difficulties affecting certain forms of traffic, the agreements concluded between the Railway Administrations may provide for certain exceptions to the above-mentioned Convention.

These agreements, subject to ratification by the respective Governments, may provide for exceptions to the Convention of Berne only for as long a period and within the limits that are absolutely necessary.

The Contracting Parties recognize unanimously as highly desirable in the interests of commerce that such exceptions do not affect the restriction concerning the responsibility of the railways in cases of loss, damage, or delay in delivery.

ARTICLE 8

Through tariffs for passengers and their baggage, and for freight, between the territories of the Contracting Parties, as well as for traffic between such territories and the territory of a third State, in transit through the territory of one of the Contracting Parties, will be established as soon as circumstances permit.

Meanwhile, the Contracting Parties will attempt to establish through rates, in so far as exchange rates permit and as soon as possible, for passenger traffic and for the more important kinds of freight, at least where most important in the usual course of traffic and will adopt the necessary tariff measures to allow calculation of through transportation charges.

ARTICLE 9

If freight and other charges resulting from transportation contracts, expressed in foreign currency are paid in the national currency, the rate of exchange shall be, conforming to the present practice, fixed by the collecting Railway Administration.

The rate of exchange applied must not, however, serve as a competitive measure either favorable to or detrimental to another transportation route.

ARTICLE 10

The Contracting Parties recognize as highly desirable that the Railway Administrations conclude an agreement concerning the settlement of accounts, based on the following principles:

(a.) mutual debts and credits resulting from the settlement of international traffic accounts will be converted into the currency of the credit which is highest after the accounts have been balanced;

(b.) final settlements will be made in that currency;

(c.) the money will be converted on the basis of the mean rate of exchange quoted by the Zurich Stock Exchange during the period to which the debts and credits refer;

(d.) necessary precautions must be taken to counteract fluctuation in the rates of exchange.

ARTICLE 11

Taking into consideration the particular requirements of international railway traffic and especially to save time, customs ser-

vices on the frontier must be organized in such manner as to permit freight to be shipped across the frontier at any time according to traffic demands, avoiding all useless delays at the frontier.

With regard to travelers, customs formalities will be regulated in such manner as to permit registered baggage consigned to a station in the interior where there is a customs office, to be examined at that office. Other registered baggage, as well as hand baggage, will be examined on the trains in so far as circumstances permit.

With regard to freight, customs formalities will be regulated in such manner as to avoid unloading, verification or sealing at the frontier, of goods consigned to another customs office, on condition, however, that the regular collection of customs duties be not interfered with.

Without prejudice to greater facilities which may be further agreed upon, the Contracting Parties consider it highly desirable that the rules in the Annex included herewith be adopted.

ARTICLE 12

The present Agreements may be denounced by any of the Contracting Parties by giving notice of the denunciation six months before it becomes effective.

However, no denunciation will be accepted in less than one year after the coming into force of the Agreement.

ARTICLE 13

All differences of opinion between the States relating to the interpretation or application of the present Agreements will be regulated according to the procedure outlined for the settlement of differences relating to the interpretation or application of the clauses of the Peace Treaties concerning communication and transportation.

The present Agreement shall be ratified as soon as possible.

Each State shall address its ratification to the Italian Government, through whose good offices it will be communicated to all the other signatory States.

The ratifications shall remain deposited in the archives of the Italian Government.

The present Agreements shall come into force for each of the signatory States on the date of deposit of the ratification, and, from that time, the State in question will be bound by the Agree-

ments with respect to the other States that have already deposited their ratifications.

In witness whereof, the following Delegates have signed the present Agreements. •

DONE at Portorose, the twenty-third day of November, one thousand nine hundred and twenty-one, in French and in Italian and in a single copy which will remain deposited in the archives of the Government of the Kingdom of Italy, and of which authenticated copies will be sent to each of the signatory Powers.

For:

AUSTRIA:

HUNGARY:

ITALY:

POLAND:

ROUMANIA:

THE SERB-CROAT-SLOVENE KINGDOM:

CZECHO-SLOVAKIA:

ANNEX

CUSTOMS REGULATIONS WITH REGARD TO THE RAILWAYS

I

FREIGHT TRAFFIC

PARAGRAPH I

Freight trains may cross State frontiers at any time, customs operations being carried out in the same way at all times, Sundays and holidays included, by day or by night.

Every freight train coming from a foreign country must be announced according to customs regulations at the customs offices at the frontier, where the documents indicated by the customs regulations must be presented at the same time.

PARAGRAPH 2

The Railway Administrations will announce to the customs offices established in the stations and to the customs agencies (railway customs offices) the schedules of all trains crossing the frontier, including connecting trains, as well as any modifications in the schedules, at least eight days before they come into effect.

The railway customs offices must also be informed, as soon as

possible, of any important delays, of the suppression of trains, and of the passage of special trains or separate locomotives.

PARAGRAPH 3

(1.) Freight announced in the manner required, shipped in properly sealed cars, and conveyed without reshipping toward an interior station where there is a competent customs office, is exempt from unloading and examination at the frontier; individual parcels in such cars need not be placed under seal.

(2.) If regularly announced in transit, freight loaded in properly sealed cars running through the territory of one of the Contracting Parties or in transit, without breaking bulk, toward the territory of another Contracting Party, will be exempt in the interior and at the frontier from unloading and from customs examination, and the individual parcels of which it is composed need not be placed under seal.

(3.) Application of the provisions of paragraphs 1 and 2 preceding is conditional upon the responsibility of the Railway Administrations interested for the arrival of freight cars at the competent customs offices, in the interior or at the frontier, within the time indicated and with seals intact.

(4.) Freight exempt from customs duties arriving at customs offices on the frontier to comply with the necessary customs formalities, will be exempt in principle from unloading and from being weighed, if the customs formalities may be carried out without unloading the freight. In general, to determine the weight of such goods, the customs authorities will consider the weight indicated on the freight car as the actual weight of the goods contained therein.

(5.) The above-indicated dispensations concerning customs examination and the sealing of parcels will be applied even in cases of transferring freight from one car to another under customs supervision, without the necessity of going through the required customs formalities, when the transfer of freight is inevitable for any reason pertaining to the railways.

(6.) The facilities indicated in this paragraph are not applicable in cases of presumption of fraud.

PARAGRAPH 4

The Customs Administrations of all the Contracting Parties will recognize as sufficient all customs seals affixed by the Admin-

istration of one of the Contracting Parties, which have been affixed in compliance with the conditions under which freight cars passing through their customs territory must be placed under seal.

II

TRAVELERS AND BAGGAGE

PARAGRAPH 1

Passenger trains will enjoy the same privileges indicated in Article I for freight trains, as regards the days and the hours when they may cross the frontiers between the States.

PARAGRAPH 2

Passenger coaches, when passing through the customs at the frontier, may not contain baggage other than hand baggage.

PARAGRAPH 3

Hand baggage, as well as all registered baggage belonging to passengers, will, in principle, pass the customs examination at the customs office at the frontier. However, certain privileges are granted according to the requirements of passenger traffic. A particular effort should be made to have all registered baggage examined at the customs office in the station of destination. In the case of through trains or coaches, the Customs Administration should provide for the examination of the passengers' baggage on the train.

PARAGRAPH 4

Customs formalities at frontier stations must be performed with sufficient rapidity to permit all baggage, particularly all baggage in transit, to continue by connecting trains.

PARAGRAPH 5

Goods sent on fast or slow trains and carried on passenger trains are subject to the same conditions and formalities as similar goods shipped on freight trains.

However, goods subject to rapid deterioration, which are shipped on fast trains, will be forwarded by the same rapid procedure as baggage, when carried by passenger trains.

XIV

RECOMMENDATION

regarding the convening of an International Conference to study the European General Conventions on the regulation of international transportation.

Taking cognizance of the proposal of the Roumanian Delegation the Conference recognizes the advisability of regulating, either by international conventions or by agreements between the Railway Administrations of Europe, certain questions of major importance and of general interest which are not settled by any of the Conventions or Agreements now existing or in preparation.

Several of these questions are set forth in the proposal of the Roumanian Delegation. Others, such as the standardization of tariffs and the adoption of a uniform currency for international tariffs, have been discussed by the Conference. The Conference is of the opinion, however, that the questions set forth in the proposal of the Roumanian Delegation require a preliminary study and classification which cannot be made at Portorose. Hence it is recommended that the Governments represented consider these questions as soon as possible, and consider also the convening of an international conference for that purpose.

DONE at Portorose, in French and in Italian, the twenty-third day of November, one thousand nine hundred and twenty-one.

XV

RECOMMENDATION

regarding the standardization of tariff rates for international railway traffic and the adoption of a uniform currency for international tariffs.

The Conference of Portorose recognizes it as highly desirable that the following measures be taken to facilitate the establishment of international freight tariffs without affecting tariff sovereignty:

(I.) the establishment of a uniform nomenclature for goods to be transported in international traffic;

(2.) a uniform system of goods classification for common international tariffs;

(3.) uniform general conditions for the application of international tariffs.

Recognizing the urgent need of preparatory study on the questions outlined above, the Conference requests the Royal Italian Government to assemble as soon as possible for that purpose a Commission composed of representatives of Austria, Italy and Roumania.

The States not represented in the Commission may nevertheless collaborate in, and facilitate, its work by communicating useful suggestions to the Commission. Those States will be notified of the assembling of the Commission and of its findings and their delegates are accorded the privilege of being present at the meetings of the Commission.

The findings of the Commission will be communicated to the Central Office at Berne with a request to invite all the States adhering to the International Convention of Berne on the transportation of goods by railway to a European conference for the purpose of studying the questions indicated above. The competent department of the League of Nations will also be notified.

The Conference also recognizes as highly desirable:

(a.) that a single uniform tariff currency be adopted for all international tariffs in Europe, and that the Railway Administrations of all the States be induced to adopt it in a uniform manner; a tariff currency should be chosen whose international value approaches, as nearly as possible, gold parity;

(b.) that an international railway compensation office (a Clearing Office) be established, for traffic subject to such international tariffs, to which would be announced the mutual debts and credits of the railways resulting from the settlement of international transportation accounts; the Clearing Office will balance the accounts by compensation, when possible and will fix the balances to be paid in cash.

Where the principle of a single uniform tariff currency cannot at present be put into practice, through tariffs concerning the railways of several States shall be established, as far as possible, in two currencies at the most.

The Conference agrees to refer this question to the Commission indicated above, under the same conditions.

DONE at Portorose, in French and in Italian, the twenty-third day of November, one thousand nine hundred and twenty-one.

XVI

RECOMMENDATION

regarding the appointing of a Commission to study the essential requirements of the railways and the resources to be drawn upon to satisfy such requirements.

The Conference of Portorose notes that railway services in Central Europe are often seriously impeded and even threatened with complete paralysis through the want of materials which are most essential to their exploitation, such as fuel, oils, or cross-ties, or through the impossibility of repairing their rolling stock. Such crises are not only disastrous to the internal life of the States affected by them, but constitute, moreover, serious impediments to international transit and consequently to the commerce of all the other States.

To remedy this condition the Conference recommends that the Governments of the nine European States here represented appoint an international commission for the following purpose:

(1.) To make the investigations necessary to determine the essential requirements of the railways of Central Europe, particularly as concerns fuel, lubricants and lighting materials, cross-ties, the means of repairing rolling stock, and of furnishing motive power, basing their investigations upon information furnished the Commission by the parties interested, with due regard for agreements already concluded or to be concluded in future.

(2.) To study the means at the disposal of the interested States, or of other States, which might be drawn upon to satisfy the requirements outlined above, avoiding as far as possible all unnecessarily long hauls, care being taken not to impede commercial intercourse or to interfere with commercial or economic interests.

(3.) The Commission will make proposals to the Governments of the States represented, based upon its findings.

The Governments in question will carry out such proposals as they see fit.

The Commission may also propose that the Governments of the participating States invite as consultants, to take part in the investigations, other Governments not represented at Portorose, but whose interests are involved because of either their surplus or their lack of the materials required for the railways.

To carry out this Recommendation, the Conference of Portorose requests that the Royal Italian Government submit it for ratification to the Governments of the Succession States, and to the Governments of England and of France; when acceptances shall have been received from three States, the Government of Italy is further requested to bring its influence to bear upon the Czecho-Slovakian Government, that the latter may call the first Conference and facilitate its organization.

The Commission may transfer its seat of operations into one or another of the participating States, as expediency requires.

DONE at Portorose, in French and in Italian, the twenty-third day of November, one thousand nine hundred and twenty-one.

XVII

DECLARATION

The Italian Delegation has submitted to the Conference of Portorose a proposition whereby travellers of the categories indicated below, coming from one of the Succession States or travelling through one of those States to reach a third State, will be granted the same facilities accorded to the nationals of the State traversed in compliance with internal tariffs:

(a) persons participating in congresses, expositions or contests of general or international interest;

(b) indigent persons traveling together to reach watering places or health resorts;

(c) emigrants traveling together or repatriated emigrants, and laborers traveling together to their place of employment;

(d) delegates of governmental institutions for public education, or of educational institutions recognized by the State.

The undersigned Delegates, recognizing the humanitarian character and public utility of the Italian proposal, have taken note of it for the purpose of communicating it to their Governments for consideration.

DONE at Portorose, in French and in Italian, the twenty-third day of November, one thousand nine hundred and twenty-one.

For:

AUSTRIA:

HUNGARY:

ITALY:

POLAND:

ROUMANIA:

THE SERB-CROAT-SLOVENE KINGDOM:

CZECHO-SLOVAKIA:

XVIII

THE CONFERENCE OF PORTOROSE

Considering:

(1.) that one of the most serious obstacles to the resumption of normal exchange and commercial relations, as well as to the regular circulation of travelers, results from the régime of passports and visas now in force in the several States;

(2.) that this régime particularly affects commercial relations and exchanges between the States, as well as economic life within the boundary zones;

(3.) that the Conference convened in Paris in October, 1920, by the League of Nations adopted resolutions which tend to facilitate considerably the delivery of passports and of visas, and to unify and reduce the taxes appertaining to them, which resolutions have not as yet been generally executed;

(4.) that the Conference of Portorose, in compliance with Article 3 of its Agenda regarding the facilities to be granted for the transportation of goods and of travelers, should also consider the question of passports and visas;

(5.) that, moreover, the proposals made on this subject by certain Delegations could not be discussed because of the absence of competent delegates;

IS AGREED

to refer the discussion of the question of passports to a Conference supplementary to the Portorose Conference; to request the Government of the Austrian Republic to convene, for this purpose,

a Conference of the Succession States at Graz on January 16, 1922, to discuss the following program:

(a) measures calculated to ensure the application of the resolutions passed on October 21, 1920, by the Conference convened in Paris on the initiative of the League of Nations, on the subject of passports and visas;

(b) a study of further facilities to be granted in future.

DONE at Portorose the twenty-third day of November, one thousand nine hundred and twenty-one, in French and in Italian.

For:

AUSTRIA:

HUNGARY:

ITALY:

POLAND:

ROUMANIA:

THE SERB-CROAT-SLOVENE KINGDOM:

CZECHO-SLOVAKIA:

IV

AGREEMENT CONCERNING PASSPORTS AND VISAS CONCLUDED AT GRAZ, JANUARY 27, 1922

AGREEMENT

concluded between AUSTRIA, HUNGARY, ITALY, POLAND, ROUMANIA, the SERB-CROAT-SLOVENE STATE and CZECHO-SLOVAKIA, on the subject of passports and visas.

Considering that the Conference assembled in Paris, October, 1920, by the League of Nations adopted resolutions tending either to facilitate considerably the delivery of passports and visas, or to unify and reduce the accompanying charges, and that those resolutions have not yet been executed in a general manner;

And considering that the Portorose Conference has referred the question of passports and visas to a supplementary Conference of the Succession States assembled at Graz, to discuss the best means of applying the resolutions mentioned above;

For this purpose the CONTRACTING PARTIES represented as follows:

THE FEDERAL PRESIDENT OF THE REPUBLIC OF AUSTRIA, by:

M. Robert Lukes, Consul General of the 1st class;

M. Egon Hein, Consul General of the 2nd class;

HIS MOST SERENE HIGHNESS THE GOVERNOR OF HUNGARY, by:

M. Ladislav Gömöry-Laiml de Dedina, Ministerial Councillor;

HIS MAJESTY THE KING OF ITALY, by:

M. Carlo de Constantin de Châteauneuf, His Majesty's Consul;

Comm. Av. Michele Adinolfi, Conseiller de préfecture;

Cav. Dr. Fausto Pizzichelli, chef de section;

THE CHIEF OF STATE OF THE POLISH REPUBLIC, by:

M. Stanislas Millak, Sous-chef de division;

M. Zbigniew Auguste Miszke, Vice-Consul General of the Trieste Consulate;

HIS MAJESTY THE KING OF ROUMANIA, by:

M. Georges Grigorcea, Councillor at the Royal Legation in Vienna;

HIS MAJESTY THE KING OF THE SERBS, CROATS AND SLOVENES, by:

M. Vladimir Budisavljević de Prijedor, Consular Representative at Graz;

THE PRESIDENT OF THE CZECHO-SLOVAKIAN REPUBLIC, by:

Dr. Richard Stretti, Ministerial Councillor;

WHO, having communicated to each other their respective full powers, found to be in good and due form, have agreed upon the following provisions:

A. DELIVERY OF PASSPORTS

1. *Uniform model for ordinary passports.* A uniform model for ordinary passports (not diplomatic) "international type" (models: Annex I and Annex II of the Paris Resolution) is established, subject to the recommendations made by the Graz Conference.

2. *Period during which passport is valid.* The period during which a passport is valid is two years maximum or one year minimum, except in exceptional cases, when the passport is valid for a lesser period, but only when the passport is issued for a single trip.

3. *Fee levied.* The fee levied is not to be fiscal in character and will be collected without discrimination between the countries for which the passport is issued, under conditions applying equally to nationals and non-nationals, in cases where the passport is issued by one of the Succession States to others than its nationals.

B. PRELIMINARY VISAS

4. *Preliminary visas* (i. e., visas affixed by the authorities issuing the passport or by their representatives) will not be exacted except when the validity of the passport is doubtful; such visas will be affixed gratis.

C. EXIT VISA

5. *Exit visas* are abolished for the nationals of the Contracting Powers.

D. VISA OF ENTRY

6. *Passports that do not apply to all destinations.* Visas are not granted for entry into the territory of a country not indicated

upon the passport as one of the countries of destination, except to exercise the legitimate right of asylum.

7. *Period during which a visa is valid.* If the passport is issued for a single trip, the visa will be valid during the same period as the passport. If the passport is issued for one year, the visa will remain valid for one year or for a single trip according to the request of the person holding the passport.

Visas for one year (12 months) are valid for an unlimited number of trips (across frontiers).

Except for extraordinary reasons justified by the sanitary situation or in the interests of public safety, visas delivered will be valid for crossing all border-lines.

8. *Fee levied.* It is understood that the fee levied for the visa is fixed according to the nationality of the applicant, regardless of which country he is in.

The fee for a visa of entry valid for one year is fixed at ten gold francs, or for a single trip at five gold francs, except in the case of special agreements which have been or which will be concluded among the different Succession States.

Visas of entry will always be issued gratis to persons who can prove that their income does not exceed the amount necessary to support themselves and their families according to the economic situation of their place of abode. In general such proof is not required in the case of regular or auxiliary employees of public administrations including soldiers and sailors, assistant workmen, laborers, domestic servants, the personnel of boats, day laborers, and all persons entering a foreign country to perform manual labor. This provision applies equally to the families (wives, children) of the persons mentioned above, even when they travel separately, and to the widows and orphans of the regular employees mentioned above. Proof may be exacted, however, if the proper authority doubts the existence of reasons calling for total exemption from the visa fee.

In the same way persons taking active part in scientific or artistic congresses are exempt from paying the visa fee.

E. VISA IN TRANSIT

9. *Affixing the visa.* Visas in transit will be issued to the nationals of the Contracting Parties immediately on sight of the visa of entry of the country of destination, and, eventually, of the visas in transit of the intermediate countries.

10. *Period during which the visa is valid.* The visa in transit is valid for the same period as the visa of destination.

11. *Fee levied.* The fee for a visa in transit is fixed at one gold franc, except in cases of special agreements concluded, or to be concluded, between the different Succession States.

Stipulations regarding the free issuance of visas mentioned in Paragraph 8 are equally applicable to the visa in transit.

The visa in transit is affixed to passports issued for a single trip, and is valid for the trip and for the return trip for a fee of one gold franc.

F. COLLECTIVE PASSPORTS

12. *Family passports.* The preceding dispositions are applied equally to family passports (husbands, wives, and children under 15 years); family passports are analogous to individual passports particularly as regards the fee levied.

G. FACILITIES

13. *Simplifying formalities at the frontier.* The Succession States agree to abolish, within three months after the coming into force of this Agreement, all manipulation fees collected when the passports are examined at the frontier.

14. *Appearance in person by the applicant.* Appearance in person is required for visas of entry. In cases deserving particular consideration, however, the authorities affixing the visa will not exact that the applicant appear in person.

Appearance in person is not required for visas in transit, unless the authorities affixing the visa have reason to distrust the good faith of the applicant.

15. *Territorial authority.* Persons desiring to obtain a visa must apply to the competent diplomatic or consular authority of the district wherein the applicant resides.

However, under exceptional circumstances the diplomatic or consular authority may deliver passports to persons who do not reside within his jurisdiction.

16. *Reason and necessity for the trip.* The necessity for a trip need not be proved by the applicant for a visa, except in special cases where the presence of certain persons might constitute a danger to national security or to public health, or if the interior economic conditions require such proof.

In order to fix the visa fee, the applicant is required to indicate the reason for the trip.

17. *Preliminary investigations and approval.* Visas will be delivered immediately without preliminary investigation or approval.

If there is danger to national security or to the sanitary situation, or, as regards the visa of entry, for internal difficulties of the economic order (for instance to regulate the cost of labor) an investigation may be made. At the request of the applicant the competent authority will make the necessary investigations by telegraph; in that case, the time allowed for a definite answer (affirmative or negative) must not exceed fifteen days. The cost of the telegrams exchanged between the diplomatic or consular authority and the authority making the investigation will be defrayed by the applicant.

The present Agreement is to be ratified.

Deposit of ratifications will take place in Vienna, within two months after the signing of this Agreement.

A *procès-verbal* of the deposit of ratifications will be prepared as soon as the Agreement has been ratified by Austria, Hungary, Italy and Czecho-Slovakia.

From the date of the *procès-verbal* the Agreement will come into force between the Contracting Parties which will thus have ratified it.

The Agreement will come into force for Poland, Roumania, and the Serb-Croat-Slovene State on the date of their final adherence and deposit of ratification.

The Austrian Government will remit to each of the signatory Powers a certified copy of the *procès-verbaux* of the deposit of ratifications.

This Agreement may be denounced by each of the Contracting Parties one year after the date of the first *procès-verbal* of the deposit of ratifications; the Agreement will cease to remain in force three months after the date on which the denunciation shall have been announced to the other Contracting Parties.

IN WITNESS WHEREOF, the above named Plenipotentiaries have signed the present Agreement.

DONE at Graz, the twenty-seventh day of January, one thousand nine hundred and twenty-two, in a single copy which will remain deposited in the archives of the Republic of Austria,

and of which authenticated copies will be sent to each of the signatory Powers.

(Signed)

LUKES

EGON HEIN

LADISLAS GÖMÖRY-LAIML DE DEDINA

C. DE CONSTANTIN

M. ADINOLFI

FAUSTO PIZZICHELLI

DR. RICHARD STRETTI

Subject to the subsequent adherence of the Polish Republic to points 1, 2, 3, 5, 7, 8, 10, 11, 12, and the second paragraph of point 16.

STANISLAS MILLAK

ZBIGNIEW A. MISZKE

Noted ad referendum:

GEORGES GRIGORCEA

Noted ad referendum:

VLADIMIR BUDISAVLJEVIĆ DE PRIJEDOR

RECOMMENDATIONS

regarding the régime of passports and visas.

The Conference of Graz recognizes it as highly desirable, to facilitate the regular circulation of travelers and traffic, that the following measures be taken:

1. *Passport model.*

(a) To enlarge the space reserved for the description of the person holding the passport, particularly as concerns name and profession;

(b) To amplify the description of the person holding the passport by describing his stature (for instance: tall, medium, short);

(c) To insert the citizenship of the person holding the passport;

(d) Not to oppose the insertion of: "In the name of—(Chief Executive)";

(e) To establish a visible difference for emigrants' passports;

(f) To reduce the number of pages from 32 to 12 for passports issued for a single trip, this last for reasons of economy.

2. *Fee collected (visa of entry).*

No visa fee to be collected from members of sporting associa-

tions traveling through the Succession States to take part in sport meetings.

3. *Periodical information.*

Reports to be made by the Succession States at least every six months containing all practical and useful information, to be addressed to the League of Nations, for the purpose of being brought to the attention of the public or the interested administrations, if necessary.

4. *Visas of entry on passports which do not apply to all destinations.*

For the purpose of superintending and directing their emigrants, the Succession States having a common frontier should agree, within the limits prescribed by their respective laws, that persons wishing to enter a State not included among those for which their passport is issued be prevented from crossing the frontier, except to exercise the legitimate right of asylum.

5. *Residence facilities.*

No residence tax to be collected in the Succession States even in the future.

6. *Simplifying formalities.*

Agreements to be concluded as soon as possible between adjacent Succession States for the purpose of having the examination of passports on entering and on leaving adjacent territories take place coincidentally at the frontier station to facilitate the circulation of travelers and of traffic.

(Signed)

LUKES

EGON HEIN

LADISLAS GÖMÖRY-LAIML DE DEDINA

C. DE CONSTANTIN

ADINOLFI

DR. FAUSTO PIZZICHELLI

DR. RICHARD STRETTI

Subject to reservation for points 1 and 7:

STANISLAS MILLAK

ZBIGNIEW A. MISZKE

Noted ad referendum:

GEORGES GRIGORCEA

Noted ad referendum:

VLADIMIR BUDISAVLJEVIĆ DE PRIJEDOR

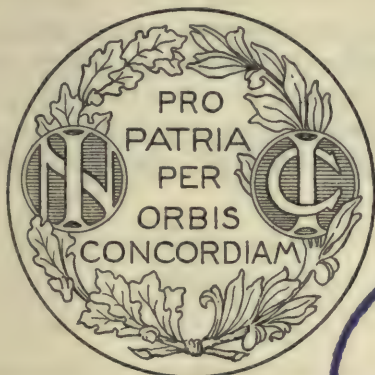
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IMPRESSIONS OF BERLIN IN 1922

BY

PROFESSOR HENRI LICHTENBERGER



AUGUST, 1922

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It is the aim of the Association for International Conciliation to awaken interest and to seek cooperation in the movement to promote international good will. This movement depends for its ultimate success upon increased international understanding, appreciation, and sympathy. To this end, documents are printed and widely circulated, giving information as to the progress of the movement and as to matters connected therewith, in order that individual citizens, the newspaper press, and organizations of various kinds may have accurate information on these subjects readily available.

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IMPRESSIONS OF BERLIN IN 1922

By HENRI LICHTENBERGER*

Professor of the University of Paris

*(Lecture delivered March 13, 1922 before the
Comité National d'Etudes)*

I have just returned from a twelve day visit to Berlin where I tried to ascertain as accurately as possible the state of German public opinion.

During that brief visit I have had opportunity to get in touch with groups of the Right, with men of the German National party and of the People's party. Perhaps the observations I can report to you on these men may be more novel and interesting than the results of my observations in circles which are better known to us. Therefore I shall try to give you an accurate summary of my conversations with men of the Right.

From the study of the German press one can define roughly the principal tendencies of the German parties of the Right as follows:

*NOTE—M. Lichtenberger is professor of German literature at the Sorbonne and was formerly a member of the Faculty of Letters at the University of Nancy. Among his publications are the following:

Le Poème des Nibelungen
Henri Heine, penseur
La Philosophie de Nietzsche
Wagner, poète et penseur
L'Allemagne moderne. Son évolution (1918)
Novalis (1911)
La question d'Alsace (1916)
L'impérialisme économique allemand (1917)
Faust de Goethe (1920)

M. Lichtenberger is one of the foremost Frenchmen of Letters in philology, literary history, philosophy and music.

The German National party has succeeded the old Conservative party and has had notable success in the last elections; as in the past, this party includes the aristocratic proprietors of large estates and high officials of the old régime. The officials, who have lost their positions and who are living from hand to mouth, supply the National party with a force always ready for action, energetic, eager for battle and always ready for a fight.

The university people, both faculty and students, fed on the traditions of a policy of force and in whom the pride in German power has been most superbly developed, have felt with special humiliation the bitterness of defeat and have ranged themselves almost unanimously in support of those who make it their principal object to bring about the restoration of the German military power and who are constantly harping upon the memories of 1813.

Traditionally conservative and resolutely anti-collectivist, the peasants form the mass of the National party.

This party excels in the art of exploiting, to the profit of the monarchic or Germanic national idea, the rancors of the former privileged classes, the resentments of the disbanded army, the fear of Bolshevism, the anti-Semite passion and the profound misery caused by the attitude of the Entente and particularly of France toward the conquered. It has been clever enough to throw on to the other parties the unenviable responsibility of power following the disaster.

Today its leaders rally around them not only bitter fanatics, eager for revenge, but also the great mass of the discontented who feel themselves betrayed in

their interests or in their ambitions, that mass of intellectual pessimists, who, in the universal catastrophe, have developed a new faith in the efficacy of force; they dream of finding an escape for Germany from the consequences of an "unacceptable peace," according to the formula current among them, and they find the parties of the Left too pusillanimous in face of the threats of the Entente.

For them, the Democratic Socialists, idealists of all kinds, who wish to purge the country of the revenge spirit and who dream of abolishing war, who wish the firm establishment of the republican régime as the only guaranty of peace and who recommend a conciliatory foreign policy, are victims of a mirage which will lead them to lamentable disillusion.

The Nationals systematically paint the present situation of Germany in the blackest colors. According to them there is only one possible decision for the Germans to make: it is necessary that they declare flatly that it is impossible for them to meet their obligations; it is necessary consequently that they demand the immediate revision of the Versailles treaty and that they await steadfastly the measures that the Entente and France may take against them.

In order to induce their fellow-countrymen to determine upon this method of procedure, which is evidently precarious and carries with it grave possibilities, they display absolute pessimism in their conclusions. According to them the situation of Germany is desperate. They protest with vehemence against all those who dare to speak of the prosperity of German industry; they demonstrate ceaselessly that this prosperity is only an illusion, that Germany is today incapable of providing for her needs by her labor, but

that she is living on her capital and thus is rushing toward certain ruin.

They lose no opportunity of emphasizing that it is impossible for Germany to meet the obligations that have been imposed upon her, and the futility of all the attempts that may be made to satisfy the creditors whose real purpose is to keep the country in a state of economic slavery.

They affirm that the most ignominious concessions, even the total confiscation of German wealth and its transfer to the allies, would only slightly delay the inevitable bankruptcy and would place in foreign hands the substance of German wealth. From this they conclude that the sooner German failure comes the better. Only tenacious resistance, resolute against a treaty which cannot be executed, could, after a violent but brief crisis, lead to a positive result; aside from this there is no salvation for Germany.

You can easily see in what direction tends the policy of the German National party as it is defined in its journals, such as the *Gazette de la Croix* or the *Deutsche Tageszeitung*; relying on the mass of the discontented, they exert themselves to exasperate their pessimism, to push them to despair, to infuse into them the conviction that they have nothing more to lose and that, consequently, resistance is more dignified and no more dangerous than resignation. With bitterness they assail France, whom they accuse of ruining Europe by inexorable imperialism; they struggle ferociously against what they call the French party in Germany, that is to say against all those who are trying to disarm France by endeavoring to give her some satisfaction and who are working to bring about a reconciliation with her on economic or on political grounds; they

show themselves hostile to all that resembles closely or distantly any concession to the policy of compliance of Chancellor Wirth, as well as to the arrangement for reparation in kind by Rathenau or even to the offer of a credit by the great business men. They wish to hasten the crisis and they urge fanatically that the Germans engage in an adventurous policy, the results of which no one can predict.

The men of the National party doubtless refrain from preaching the spirit of revenge and they may be believed when they say that they are not planning, for the moment, to urge Germany on to military action, which in her present disarmed condition, could only result in disaster. Their most serious writers, as for example Hoetzsch in the *Gazette de la Croix*, look for Germany's salvation through financial intervention from America, supported by England, and they predict that France, isolated and alone, will find it necessary to renounce her disastrous policy of reparations.

The real purpose of the National party, however, can hardly be doubtful to anyone either within Germany or in other countries. Its desperate opposition to disarmament; its stubbornness in preparing secretly for the rehabilitation of German military power; its perseverance in stimulating in Germany the determination to reconquer the lost provinces, particularly Upper Silesia and even Alsace-Lorraine; the care it takes in trying to keep up the war spirit in its countrymen; the bitter campaign of hatred which it carries on unceasingly against France in particular,—all these indications appear to bear witness that what it really wishes at bottom is nothing but revenge by arms and by force, and that it is preparing against us.

It is the private conviction of the members of the German National party that a day will come when Germany, reconciled with the Anglo-Saxon nations and in close cooperation with Russia, will be able to turn against France and her Polish and Roumanian satellites and break the unnatural hegemony which France now arrogates to herself over the entire continent.

Let us not then fall into illusions; the old German imperialism is not dead; it is living and virulent, at least in an active, impassioned and fanatical minority, which aspires with all its energy to reestablish its influence over the masses. The day when this minority shall come into power there will be the gravest danger for the peace of Europe.

The great industrial group which is represented in parliament by the German People's party constitutes a power at least equal and perhaps even superior in certain respects to the power of the National party. Its prestige is based upon the important work accomplished by the directors of German economics during the war and since the end of hostilities. Thanks to their executive ability and energy, German industry in the last few years has made new progress in the line of rational organization. Important concentrations have been effected and gigantic "vertical" or "horizontal" combinations have been realized in a manner to eliminate all useless expense, to coordinate production, to lower selling prices and to furnish to German enterprise footholds in foreign lands which it needs to develop its export trade.

The oligarchy of great captains of industry today forms a group which has its own power, its private resources, independent of those of the state, and

which has placed large sums outside of Germany under the protection of neutrals. Those bold and resolute men of affairs control an instrument of production developed to a high degree of technical perfection. They earn large profits, the amount of which they endeavor to conceal by all kinds of methods. They have already in large measure reestablished German production and in some cases have increased it.

Toward what goal are they striving? They are strong men, supermen, who are working for the economic restoration of Germany with that same resolution that was displayed by the National party in trying to reestablish its military and political form. Their leaders—and foremost among them the famous Stinnes, who to the French mind has become the typical representative of the new type of German important man of affairs—are powerful individuals who inspire respect or in any case, fear; they are men of robust temperament, of firm will, of limitless ambition, of undeniable technical competency and of boldness in action; qualities which deeply impress the masses. They are also great gamblers like Ludendorf, and it appears that many people are inclined today to follow their star as formerly they followed that of the militarists. But these new masters of the hour are very clearly differentiated from the former masters.

Their ambitions act in different spheres. The former masters worked in the political and military sphere, the new masters in the economic sphere. The former desire revenge, the latter would be content with wealth. Among the former many have remained faithful to the old gospel of war; among the latter many have comprehended the terrible mistake made by the German leaders in causing the world war and

they most emphatically do not wish a repetition of such a cataclysm.

From the tactical point of view, the German economic leaders are distinguished from the National party by being less uncompromising; they are opportunists, prompt to seize a favorable opportunity; they have in a higher degree than the pure feudalists an instinct for the possibilities of the moment and for compromises that are indispensable if practical results are to be gained.

Such is the picture obtained from German newspapers and books.

The conversations I have had with a number of leaders of opinion belonging to the party of the Right, the National party and the People's party have led me to modify on certain points the composite picture that I have tried to sketch in the beginning of this address, and to ask myself if on the whole it is not a little more pessimistic than is warranted. It is true that the hostility against France of the people of the Right is very marked; they make no secret of it and in their conversations they explain their causes for complaint with much frankness and clearness; they give emphatic assurance that, during the war and up to the moment of the armistice, there was in their country no hatred against France. The English or the Italians were detested; on the other hand there was high esteem for the courage and tenacity in resistance of which the French had given proof; they were reconciled to give back Alsace-Lorraine—everybody told me that—and there was a general hope that victorious France would imitate the moderation of Prussia after Sadowa; it was felt that in that case reconciliation be-

tween the two countries would be easily brought about and would even lead rapidly to an alliance which appeared to be dictated by the nature of affairs.

The disappointment of the Germans in face of the attitude of the French since the armistice has been extreme. Those with whom I talked said to me again and again: "You have brought about the hatred which you notice; you are the ones who have created it by the inexorable suspicion with which you pursue us, by the insulting scorn that you manifest at all times with regard to us. You are the ones who have created these resentments, which increase from year to year and which today reach a disquieting bitterness."

They continue: "We comprehend assuredly the anger caused among your people by the devastation which has ruined some of the most flourishing provinces of your country. We admit your right to reparations and we recognize also the duty incumbent upon us to contribute largely thereto; not that we feel that we are exclusively responsible for the outbreak of the war, but because we are conquered and because it is the custom that the conquered should pay for the damage. But the policy you have followed since Versailles up to London or Cannes, aims not only at obtaining reasonable reparation; it aims also at the systematic ruin of Germany.

"When we see that your generals clamor for the occupation of the left bank of the Rhine or the creation of a Rhenish independency, when we observe French intrigues in Bavaria, when we note that sums are demanded from us that it is well known we are utterly incapable of paying, when we find France bent upon inciting the Entente continually to new rigorous measures, when we hear a President of the French Council

threaten to seize Germany by the throat, we cannot rid ourselves of the idea that an important body of French opinion is not by any means seeking for an equitable agreement with Germany but is aiming systematically to dismember, ruin and humiliate Germany and to maintain her permanently in a state of impotence or of economic semi-servitude. And we are not sure that the French government is at all desirous of opposing these tendencies which are emphasized in the newspapers. Hence we feel that every German patriot ought to resist this policy of oppression with all his strength.

"If our destruction is aimed at, there is no use in making concessions or trying to be diplomatic; it is better to declare immediately and clearly our inability to pay the indemnities demanded from us. It is better to refuse to make promises we know we cannot keep and to force France and the Entente on their own responsibility to take the rigorous measures which will be harmful to Germany assuredly, but also to the whole of Europe. It is better to have one more violent crisis, which however may end in real improvement of conditions, than to endure the slow torture, the death by slow fire, with which we are threatened."

And my interlocutors conclude: "If, as your journals and political leaders claim, France does not wish the ruin of Germany, and if, which we doubt, France truly wishes to arrive at an agreement which will allow us to live and permit us to recover, let France make a conciliatory gesture; for example, let her evacuate the Ruhr bridgeheads or let her soften the burdens of occupation, let her reduce her financial demands. Just as soon as you decide to follow such a course and to show without ambiguity—not by words, for words

alas! have no more value, but by acts—that you sincerely wish conciliation, you will see a speedy diminution in Germany of the hostility against France. If you find us today against you and on the side of the English it is because you have forced us to take this attitude.”

In all circles I have heard repeatedly; “We know of course that England has injured us much more than you have, that England has ruined our marine, our export trade and our colonial empire. We know that England will take care not to favor a too rapid recovery of our industry; we know that she will try to colonize us, to use us as laborers for her advantage and that she will make use of us to prevent French hegemony in Europe.

“We know also that France and Germany are not bound by the nature of things to a fatal antagonism. We know on the contrary that in many respects our two countries are complementary to each other; that Germany is superior in the heavy industries and in powerful organization while France is superior in her unrivalled industries requiring delicate finish; we know that Franco-German agreements are possible and desirable for coal, iron, metallurgy, potash, etc. All this we recognize.

“And still we place ourselves on the side of the English because we find in them tact, consideration and that peculiarly English sporting spirit of the conqueror toward the helpless conquered, as well as a certain understanding of German vital necessities; while on your side we find nothing but an attitude of ill nature, exorbitant demands and pitiless harshness. However, there is no hostility, no hostile prejudice against you; a change of attitude would have every

chance of bringing about in us, even in the masses, a corresponding change.

"Doubtless it is late and matters would not proceed as easily as would have been the case in 1918. But it is not too late. Even now a rapid improvement in Franco-German relations is not impossible."

You understand readily the response that talk of this nature elicits. I said to them: "You look upon the French as the torturers of Germany and you demand that we take the first step toward conciliation. Be good enough to comprehend in your turn that things do not appear at all in the same light to French minds.

"We have spent from our own treasury more than eighty billion francs to repair the devastation in our northern provinces and we have not half completed the task. Now we are at the end of our financial resources. We ask ourselves with anguish how we are going to be able to continue this most necessary work of reparation. Now it is an undeniable fact that Germany has not supplied a centime of these eighty billions already spent, and when we urge her to make good her obligations, she makes the gesture of a ruined gambler who turns his pockets inside out and declares that it is impossible to pay; and this at a moment when, in appearance at least, her industry is passing through a period of prosperity, when her factories are working at full capacity, when her working classes are fully employed and when her leading business men have realized enormous profits which, as a general rule, evade all taxation.

"Under these conditions how can you imagine that we should not have the feeling that the Germans are determined not to pay us, that they are making a

show of poverty in order to evade their obligations and that they are ill disposed toward us because, by reason of the mutilation we have suffered and the relative smallness of our population we are the point of least resistance in the Entente?

"How can you imagine that we should not take into account the fact that the Germans take advantage of England's support in order to brave us with impunity and to bring about our ruin and, consequently, that the Germans are eager for conflict and not for conciliation?

"Under these circumstances how can you demand of us to make a generous gesture when we do not know whether our advances would have any chance of being welcomed? You claim to be disposed to share in the work of our reparations. Up to the present time you have contributed nothing whatever.

"At every opportunity you tell us what you cannot do. But you have never indicated exactly what you think you can do for us, what we can reasonably hope for and expect from you. You are a debtor who constantly announces his imminent failure, but carefully refrains from making a real offer to his creditor.

"Do not be astonished if in view of this attitude, we have doubts of your sincerity. As long as you shall not have presented to us a positive program of reparations, we shall be truly justified in thinking that any gesture of conciliation on our part would be superfluous and would only serve to strengthen you in the determination to refuse us any sort of satisfaction."

To these arguments they have always replied with the statement that, up to the present time, the

question of reparations had been badly placed, but that, just as soon as we shall be willing to face it in its real aspect, the Germans will be in a position to make us positive, concrete and interesting propositions. They say: "It is impossible for the Germans to make the payments demanded by the Entente in gold or tokens. Sums of a certain order can be paid only in labor and not in money; money can never be anything but a means of exchange used to settle balances. It is technically impossible to obtain from a nation a tribute figuring in the billions; to attempt this results in the disorganization of the world's financial markets. Nor is it easier to exact the delivery of merchandise representing such huge values. Suppose the Wiesbaden Agreement were in full operation. Where would Germany find the billions to pay its merchants for the goods delivered by them to France? There would be no other resource than to print paper money and thus to accelerate anew the fall of the mark.

"In reality Germany has but one means to compensate France; that is to cede to France an agreed percentage of the profits made or to be made from her labor. It is necessary to bring about cooperation, a Franco-German community of interests. There is no other possible solution."

My interlocutors hasten to add that, as soon as we would agree to enter that path, the Germans would be in a position to present to us many interesting suggestions. In fact they sketched for me a series of plans, on the value of which I cannot pronounce for I am not an economist, but which, by the perspectives which they open to view and by reason of the authority of the personalities who presented them, appeared to

be worth at least serious examination and thorough discussion.

A great banker proposed to me that a Reparation Bank should be created which should receive twenty per cent of the capital stock of all German industrial enterprises and of all German real estate. This bank would then be in a position to arrange for a considerable loan through American banking houses.

An economist who plays a rôle of the first order in the Economic Council of the Empire suggested a considerable loan, the interest on which should be paid by German industry entirely pledged for the purpose.

One of the foremost business men of Germany visualized a treasury for world-wide reparation, not only to restore France and Belgium but also Russia, Central Europe and Germany, and which would be supported by a contribution levied on the world production of all raw materials.

A great ironmaster suggested the creation of a Franco-German trust in coal and iron, which should sell these products at the French prices, which now are a third higher than German prices, and should pay over to the reparation treasury the additional profits resultant from this increase of return to German industry.

A renowned economist proposed a fifty per cent tax on all shares of stock, obligations, Treasury bonds and bank notes in a manner that would diminish the paper currency and thus raise the value of the mark. Others, more modest, simply suggested an international loan or cooperation between French and German banks.

I am not qualified to estimate the value of these

different projects. It may be that some of them are more or less Utopian or purely theoretical. But certain of these plans have been studied with care by experts of indisputable competency. They all have this in common, that they tend to establish in various forms an economic solidarity between France and Germany and they recognize a special share for France in the division of the profits. All my interlocutors insisted, first, on the interest that would be aroused by the discussion in common of all these projects by French and German experts and, second, on the ease with which German public opinion could be brought to accept some one of these plans as soon as assurance could be given that the French Government would support the proposed solution.

In these circumstances I was much impressed at seeing that on the whole the attitude of the party of the Right was less negative, less unalterably hostile than one might expect after reading the journals.

I had asked myself if I should not find them reserved, distant and constantly on the defensive in the presence of a Frenchman. There was nothing of the sort. Truly they did not hesitate to make complaints which I have summarized for you; they formulated them insistently, sometimes eloquently, as for a notable example Stresemann did, but always without useless acrimony.

They did not seek to palliate the difficulties of the situation, but on the other hand they did not display unshakeable pessimism. They gave me to understand that the hopeless, the partisans of a policy of despair and the fanatics among them formed a noisy minority, capable of intemperate manifestations or of regrettable impulsive acts, but whose real influence was

less considerable than one thought and was largely maintained by the mistakes of the Entente and of France.

They tried to give me the impression that the people in the party of the Right were far from being fanatics eager for trouble and ready to use violence but, quite on the contrary, were moderates, enemies of all revolutionary action, determined not to go beyond legal methods in the pursuit of power, quite ready to enter into negotiations with the French, well disposed also to renew intellectual relations with us, determined however not to let themselves be treated as pariahs or criminals, but more desirous at bottom of finding a basis of understanding than of forcing matters to extremes and thereby producing a violent rupture. They did not conceal from me their ambitions and their hopes. They did not conceal their conviction that the next election would bring them considerable reenforcement or their wish to take over the direction of national affairs. They gave me to understand that it would be a mistake to attempt to settle the problem of reparations without their cooperation and especially to ignore their interests; and that it would be to our advantage to discuss this capital question not only with the socialists and the independents but also with those who are in possession of the best part of the German wealth.

They emphasized to me the fact that they were not reactionaries, that they did not aspire to the restoration of a past now definitely abolished, that, although they had been monarchists, they were well content to place at the head of the Empire, if such were the will of the people, a president with the powers of the president of the American republic and

capable of arbitrating effectively between individuals. They insisted upon their positive desire for social reform, on their adhesion to the theses of Spengler, on the identity of socialism with Prussianism and on their alliance with the syndicalist, Stegerwald, and the Christian syndicates, which, to the revolutionary principle of class struggle oppose the truly socialist principle of necessary solidarity between employers and workers.

They were careful to recall to me that Stinnes had for a year lived incognito the life of the laborers and that the fear with which he inspires the socialist leaders comes especially from the fact that, knowing by experience how the laborer lives, toils and amuses himself, he tries to satisfy, as broadly as possible, all the legitimate and reasonable aspirations of his workmen.

In a word they endeavored to prove to me that the unchangeable antagonism between reactionaries and democrats or socialists, in which French opinion firmly believes, is purely artificial, that it does not apply in their case and that a Germany ruled by the party of the Right or under the influence of that party would by no means be a center of reaction, oppression, feudal romanticism and extreme militarism, as is generally believed in France.

I have told you with entire frankness the impressions that I received objectively from conversations at Berlin with members of the party of the Right. How should they be interpreted and what conclusions can properly be drawn from them?

In the first place, I am convinced that we must avoid a hasty or particularly a radical conclusion. It

would be a most dangerous illusion to think that it is possible and timely to sit down immediately about a green table with the National party and the People's party, in order to settle with them the problem of reparations over the heads of the Democrats and Socialists.

The present German Government, directed by Wirth and Rathenau and sustained by the coalition of the parties of the Left, Socialists, Democrats and Center, has given us sufficient pledges of good will to make it impossible for us to think for a moment of withdrawing our confidence from it or of doing anything whatever to injure its authority in Germany.

Now the struggle between the Right and the Left is more bitter, even more ferocious than ever. The present ministers, especially Rathenau who is the object of exasperated hatred by reactionary fanatics, are daily in peril of Erzberger's fate.¹

Under these conditions our real duty is to refrain carefully from any kind of manifestation that might disturb the Wirth cabinet and the ministers who are working out the policy of making good on obligations. Perhaps Stresemann and Stinnes are not wrong in saying that we shall not succeed in finding the solution of the reparation problem if we discuss it only with Scheidemann and Breitscheid. But on the other hand it appears to be certain, that if the latter did not show a certain favorable disposition in this discussion and if there were no possibility of our solving the question of reparation with the Socialists, then the members of the party of the Right, even the moderate and

¹ It was only a little over three months later that this prophetic statement became an actual fact. Dr. Rathenau was assassinated in Berlin on June 24.—
THE EDITOR.

reasonable members, would perhaps show less interest in investigating the problem with us and in explaining their theories for its solution.

Then, in taking the most favorable hypothesis by admitting that the fairly moderate opinions I have gathered can reflect the true sentiment of the masses better than the more accentuated opinions of the uncompromising, which are made public fully in the newspapers of the party of the Right,—even in this case we should show ourselves both ungrateful and imprudent if we decided to treat the coalition of the Left as a negligible quantity and if we tried to go over the head of the government in order to reach an understanding directly with those who control German wealth.

We should lose immediately the confidence that has been given us by members of the party of the Left, whose desire for conciliation is manifest and among whom we have sincere friends, and we should not at all have the certainty of reaching an acceptable agreement with the representatives of important industrial and financial interests.

Perhaps we should thus discourage without any positive gain the elements which are favorable to us, and which are slandered and criticized daily in the newspapers of the Right under the appellation of "the French party."

What I should be tempted to conclude from this first contact with representatives of the party of the Right is that we are perhaps not justified in thinking that the Nationalist opposition is a compact and uncompromising force; in reality it comprises—in the National party as well as in the People's party—uncompromising elements and moderate elements,

fanatics to whom only force can be opposed and opportunists, prudent, well-informed, of good judgment and influential, with whom it may be advantageous to confer and with whom it may be possible to reach an understanding on certain specific points.

The party of the Left in Germany knows this very well; hence the very keen desire manifested by many of them to associate the moderates in the People's party with the responsibility of power, to enlarge the bases of the governmental majority and to create what is there called the great coalition, comprising all between Stresemann and Scheidemann or even between Stresemann and Breitscheid.

The impression I have brought back from my journey is that a combination of that kind is not impossible, that it does not perhaps necessarily imply a danger for us and that it would not signify that the German republic is sold to the reaction. This is my impression.

From the foregoing I deem that it is advisable to maintain relations with sections of the party of the Left, but that it is not advisable to excommunicate as a whole and indiscriminately all sections of the party of the Right, and that it will be useful to listen to what they have to propose, since even the German Socialists themselves have refused to condemn in principle collaboration with the People's party. I will add that the present moment is perhaps less unfavorable for beginning negotiations than, *a priori*, might be thought.

The parties of the Right consider the present President of the Council as a dangerous enemy. But it is evident that they do not refuse him either their esteem or their admiration; in M. Poincaré they

respect the conscientious barrister, thoroughly experienced, well-informed, one who knows his business, the serious statesman who in a few weeks has been able to resume the direction of continental affairs and the man who has proved his strength not only as regards Germany but also as regards England.

It appears to me that they have the feeling that Germany has everything to fear from him but that also something may be hoped from him, and that M. Poincaré would be more likely even than would others to direct French policy toward conciliation if there should be submitted to him concrete, practical and feasible projects or if proof should be given of positive good will and good faith toward France. That is a symptom which it is worth while to note.

I should be the last to wish to exaggerate the importance of my observations and I shall limit myself in closing to the statement of a practical and simple conclusion, namely, that it is now more than ever important to inform ourselves on the real situation of Germany and on the true disposition of the German people, without enforcing a wholesale ostracism on those whom we are accustomed to consider as responsible for the policy of revenge; and we should listen attentively and courteously to all that may be said to us by the men, to whatever party they may belong, who give evidence of good will and of a conciliatory disposition.

I will only add that it is necessary to act quickly; for the situation of Germany is critical and in a short time may become very serious if there is not soon found a formula which will permit the Germans to draw breath, without at the same time taking away from us the hope of reparations that are absolutely

indispensable for us, the legitimacy of which no one, even in Germany, denies.

(*Note*—After the close of the address the meeting was opened for discussion. In response to questions Professor Lichtenberger made the following statements:

The German National party is essentially a political organization and looks forward to the restoration of German military and political power. While the imperial idea is dominant, this does not mean a desire to replace Wilhelm II on the throne. Probably no more than 20,000 Germans would wish to see Wilhelm II return—and the number is steadily decreasing. A president of the type of the President of the United States would be satisfactory. The National party includes what remains of the old régime, almost all the university people, the great mass of the peasants and the Christian syndicates. The Christian syndicates have multiplied tenfold since the war and are an important support for the conservatives in the elections.)

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- I. CUBA, BUSTAMANTE AND THE PERMANENT COURT OF INTERNATIONAL JUSTICE.
- II. CUBA, THE UNITED STATES OF AMERICA AND THE LEAGUE OF NATIONS.

*Addresses delivered March 1 and 5, 1922, in connection
with the Fifth Annual Meeting of the Cuban
Society of International Law, Havana, Cuba*

By COSME DE LA TORRIENTE



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It is the aim of the Association for International Conciliation to awaken interest and to seek cooperation in the movement to promote international good will. This movement depends for its ultimate success upon increased international understanding, appreciation, and sympathy. To this end, documents are printed and widely circulated, giving information as to the progress of the movement and as to matters connected therewith, in order that individual citizens, the newspaper press, and organizations of various kinds may have accurate information on these subjects readily available.

The Association endeavors to avoid, as far as possible, contentious questions, and in particular questions relating to the domestic policy of any given nation. Attention is to be fixed rather upon those underlying principles of international law, international conduct, and international organization, which must be agreed upon and enforced by all nations if peaceful civilization is to continue and to be advanced. A list of publications will be found on page 33.

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I

CUBA, BUSTAMANTE AND THE PERMANENT
COURT OF INTERNATIONAL JUSTICE

*Address delivered at the opening session of the Cuban Society
of International Law, Havana, March 1, 1922*

By COSME DE LA TORRIENTE

Mr. Secretary of State,
Mr. President of the American Institute of International Law,
Mr. President of the Cuban Society of International Law,
Ladies and Gentlemen:

It is only in compliance with the repeatedly expressed wishes of the President and of the other directors of our Cuban Society of International Law that I venture to address you in this solemn session which is to inaugurate the work of our annual meeting. For in a meeting of this kind only such voices as those of a James Brown Scott, an Alvarez, an Anderson, a Montoro, a Bustamante, a Sanguily, and others of equal importance and reputation, who are possessed of such profound knowledge in the field of law as these men, should be heard. But before I accede to these wishes, I desire first of all to greet from this platform the three first-mentioned gentlemen, famous members of the American Institute of International Law and illustrious men from the Continent, who honor us during these days with their presence.

After Cuba was born to international life as a free and sovereign nation on May 20, 1902, after the war of independence, in the course of which so much Cuban blood was shed, and after the Spanish-American war which ended with the Treaty of Paris, the act of our public powers which, more than anything else, has made our country an international factor by virtue of what it achieved, was the joint resolution of Congress of April 7, 1917, declaring a state of war between the

Republic of Cuba and the Imperial German Government. By this act and in recognition of the noble treatment accorded us during the last century by the American people, we assisted with our strength the peoples who were struggling for the triumph of freedom, law and justice.

We public men of Cuba, who during this period directed the destinies of the Republic either in the Government or in Congress, were certain that it was the clear duty of Cuba to enter into the great war as soon as the United States had done so, a duty which had been ours ever since the Americans had sent their sons to fight side by side with the Cubans to assure Cuba's independence. A further obligation for our nation became in future the creation of closer international relations with all those Powers with which we cast our lot in the terrible struggle.

The Peace Conference in which Cuba took part, represented by the President of our Society, Dr. Antonio Sanchez de Bustamante, the Treaty of Versailles with Germany and the other conventions arising from the Conference signified a new era in our international life. Hitherto Cuba had maintained the best relations with many of the principal Powers of the world. Its representatives had taken part in conferences and congresses of great importance, such as the Hague Conference of 1907 and the International American Conferences of Rio de Janeiro and Buenos Aires of 1906 and 1910. It had received and sent diplomatic missions to various nations and had negotiated many treaties and conventions with many Powers, with the result that in spite of the few years of our independent existence our nation had become well known in the field of international relations.

The entry of our country into the war had as a consequence the strengthening of relations with all the Allied Powers which fought against the Imperial Central Powers of Europe. And the fact that Cuba was one of the signatories of the Treaty of Versailles made our country a member of the League of Nations immediately after ratification of the Treaty. Already the League of Nations has 51 members, with whom our rela-

tions will become closer each day, since our interests are not incompatible at bottom with those of any other nation. Thus, we have been able and will be able in future to live in the greatest harmony with our allies of yesterday who must be our great friends forever, with the nations who were neutral during the war, to whom we shall always continue to be most friendly, and with those Powers with whom we were at war, since the injuries and losses which they inflicted upon us were not of such a nature as to make reconciliation impossible sooner or later.

That is why, as has already been pointed out by those who have written on the functioning and workings of the League of Nations, the position of the Republic of Cuba in the League is so excellent. Enjoying cordial relations with all the members of the League, well liked by the Allied Powers, greatly respected by the neutrals, without being hated by those who during the war were its enemies, in close harmony with all the American countries which form a part of society, especially with those belonging to the Spanish-speaking group, neither too great to be feared, nor too small to be ignored, in view of the intellectual importance of its sons and its national wealth, well represented (I am not including myself) upon the two occasions when the Assembly met, Cuba acted in this Assembly as a bond of union between many nations. And in no way has its presence provoked envy or grievance, nor has any one been embarrassed by its attendance; rather has it been a source of gratification and satisfaction to all those who attended the meetings.

In view of all these facts it can not be surprising that Cuba was assigned functions in a number of the more important commissions of the League. And after it had been decided in the latter Assembly to assign only one vice-president to Latin America, this office being intended for Brazil, it was resolved just before the election to grant another vice-president to Cuba, the Cuban candidate failing of election by only one vote (19 against 20) in opposition to one of the best known government chiefs of Central Europe. All this occurred in

spite of the fact that there were only eight Latin-American nations present on that day.

Again it is not surprising that when the League proceeded to the election of the eleven judges to form the Permanent Court of International Justice, which has recently begun to function at The Hague, there was elected as the fifth judge on the first ballot, in which only nine candidates were successful, our eminent compatriot, the learned and illustrious international lawyer of our Society, Antonio Sanchez de Bustamante. He received the election by 26 votes out of a total of 42 States voting, and as one of about 80 candidates forming the reduced list of eligibles after a number of candidates had been withdrawn. More votes were received in this first ballot by Mr. Ruy Barbosa of Brazil, who secured 38, and who had also been proposed by Cuba, Mr. Weiss of France, who received 30, and Messrs. Finlay and Oda of Great Britain and Japan, respectively, who received 29. Fewer votes were cast for Messrs. Alvarez of Chile, Anzilotti of Italy and Loder of The Netherlands, who received 24, and Altamira of Spain, who secured 23. Mr. John Bassett Moore who, although he comes from the United States of America, was not proposed by his country, which does not belong to the League, but by other national groups, was elected on the second ballot by 21 votes. On the fifth ballot, finally, Mr. Huber of Switzerland was elected, receiving 22 votes.

In the first place, it should be clear to all my hearers that Cuba would never have obtained what I consider the greatest honor that has ever been bestowed upon it during its short life as a nation, if we had not been able to present to the consideration of all the Powers of the world belonging to the League of Nations a candidate combining the intellectual, cultural and popular qualities and the profound knowledge of international law that are possessed by our eminent compatriot Sanchez de Bustamante. Cuba, without a candidate like Bustamante, would never have won the great honor and the confidence which have made it a member, through one of its sons, of a court of eleven judges to which all the Powers of the

world will assuredly have to submit their disputes and which from the very moment of its establishment has been considered as the most important court of justice of the globe. But Bustamante without a Cuba which is respected, esteemed and even loved, in spite of those who, although living here and owing everything they have to this country, do not tire of maligning it, would not have been elected by a majority of the national delegations which on the beautiful morning of September 14, 1921, the day of the raising of the Cross, met in the Salle de la Réforme, and by the representatives of the Powers sitting in the Council of the League, who met in the Palace of the Nations, on both shores of the picturesque Lake Geneva, in the beautiful city of Calvin and Rousseau, Geneva, in legendary Switzerland, the home of William Tell. For a nation and a candidate without such qualifications, the efforts of the delegation composed of Messrs. Aristides de Agüero, Guillermo de Blanck, Miguel Angel Campa and the speaker, who had the honor of presiding, our efforts, I say, to secure a judgeship for one of our compatriots in so high a court would have been useless.

I am convinced that, except for a small majority which follows international events, the great significance for our country of Bustamante's election as judge of the Permanent Court of International Justice has passed unnoticed. It is for that reason that I take this opportunity to call attention to it, among other very important facts connected with the election that caused so much rejoicing among the members of our delegation when it was achieved.

According to Article 10 of the Statute creating the Court, it was necessary, in order to be elected judge, among other conditions, to secure an absolute majority of the votes in the Assembly and the Council, the election having taken place separately in each body in accordance with the provisions of Article 8. It is recalled that almost all the Powers belonging to the League had presented national candidates and that candidates had even been presented from nations not belonging to the League. Furthermore, it must be remembered that,

since all the candidates were in general men of exceptional ability and importance, it was quite natural that most of the delegations in the Assembly and most of the representatives in the Council were eager that their fellow-countrymen be elected. Under these circumstances it will be understood that it was not an easy task to obtain the election of a candidate as judge notwithstanding the two indispensable conditions, namely, known competency and high reputation, as well as the greatest sympathy with, and the highest confidence in, the moral character and juridical development of the nation to which the candidate belongs.

In view of all these conditions the Powers represented only in the Assembly, to which Cuba belonged, were able to obtain the election of their candidate with more or less facility in the Assembly. That was the case, for instance, with our delegation. But the task was infinitely more difficult when we came to the Council composed of only eight nations, to wit, Great Britain, France, Italy and Japan, in their capacity as permanent members, and Belgium, Brazil, Spain and China as non-permanent members.

Of these eight Powers represented in the Council six succeeded in having a judge of their own nationality elected. China secured only a deputy judge and Belgium none at all, in spite of the great sympathy which this country enjoys, and notwithstanding the fact that the Council repeatedly elected first as judge and then as deputy judge the Belgian candidate Baron Descamps, Minister of State, Senator, Professor of International Law at the University of Louvain, former Minister of Sciences and Arts, former Secretary General and President of the European Institute of International Law, member of the Permanent Court of Arbitration at The Hague, and, most important of all, President of the Advisory Committee of Jurists, appointed by the Council of the League of Nations to study and draw up at The Hague the draft of the Statute which with certain modifications was approved on December 13, 1920, by the first Assembly of the League. This draft created the Permanent Court of International Justice.

subject to ratification by the majority of the members of the League.

In spite of the many qualifications and the great reputation of Baron Descamps throughout the world he was not elected as judge or as deputy judge by the Assembly. Only on one ballot did he obtain 13 votes; in other ballots he secured considerably less.

On the other hand the Assembly showed a strong determination to secure for America more than the three places which it finally secured, being represented in the court by John Bassett Moore of the United States of America, Ruy Barbosa of Brazil and Sanchez de Bustamante of Cuba.

With this end in view the Assembly elected on the very first ballot the eminent publicist and secretary of the American Institute of International Law, Dr. Alejandro Alvarez of Chile, whom we have the honor of seeing with us tonight. Subsequently, when the Council failed to elect him judge, Mr. Nyholm of Denmark being finally named the eleventh judge, Dr. Alvarez was elected deputy judge three times by the Assembly. In one ballot he secured as many as 26 votes. Finally, it was necessary to resort to the provision of Article 12 of the Statute which stipulates that a conference committee be appointed composed of three members of the Assembly and three members of the Council to bring about an agreement between the two bodies, but not until the Chilean delegation withdrew the candidacy of Mr. Alvarez was it possible for the conference committee to come to an agreement. Notwithstanding his notable achievements and his great reputation, he never received a majority of the votes in the Council. This is certainly to be ascribed to the fact that some of the members of the Council felt that a greater representation in the Permanent Court should not be given to America, or at least to the Spanish-speaking countries.

Accordingly, it was extremely difficult for each of the 16 Spanish-speaking nations, who are members of the Assembly, to elect their candidates, since there was a manifest tendency in the Council not to grant more than two representatives on

the court to our race. This led to a contest between our delegations which could have been avoided easily. Furthermore, Article 9 of the Statute had to be considered. It provides that all the great groups of civilized nations and the principal juridical systems of the world be represented.

What I have said thus far has shown you the importance for Cuba of the fact that one of its most illustrious sons is among the eleven judges of the Permanent Court of International Justice, called upon to settle disputes arising between the various Powers of the world, which will in time no doubt all agree to compose their difficulties in a peaceful manner when they are unable to solve them among themselves or by diplomatic means. Thus, they will avoid bloody conflicts such as those which, to the disgrace of humanity, have devastated the world morally and materially for many years. But I would not be discharging the duty which I gladly accepted of addressing you this evening if I did not say a few words about the origin of the Permanent Court and the Statute upon which it is based. On this subject I must be very brief because distinguished members of our Society will surely deal with the organization and functioning of this court in future sessions.

The Hague Peace Conferences of 1899 and 1907 established by the Convention for the Pacific Settlement of International Disputes the Permanent Court of Arbitration. The members of this court are not to exceed four in number for each Power signing and adhering to the convention. From the list of names thus chosen the parties to a dispute select the judges who are to compose the court which is to deal with the question submitted to arbitration by the parties.

At the time of the Hague Conference of 1907 it was felt necessary to create a really permanent court of arbitral justice, composed of a limited number of judges whose decisions should be based on the rules of international law and the treaties founded upon the principles of this law. The American delegation to the Conference of 1907, pursuant to the instructions of the Secretary of State, Elihu Root, proposed the creation of a court of arbitral justice and the conference

recommended to the signatory powers of the Final Act the adoption of a draft annex to the convention which was to come into force as soon as an agreement could be reached upon the manner of selecting the judges and the composition of the court. During the Naval Conference of London in the latter part of 1908 and the beginning of 1909, the American Secretary of State, Robert Bacon, endeavored through the American Delegation to have the interested Powers examine once more the creation of the Court of Arbitral Justice, and in March, 1909, he addressed the Powers represented in the Conference with regard to the matter.

In October of the same year, Philander C. Knox, who succeeded Bacon as Secretary of State, insisted again on the recommendation. Some of the Powers began to consider the matter, and when the administration of President Taft was coming to an end the Secretary was planning to send a commissioner to Europe with a view to bringing about the creation of the court by some of the Powers already interested in the plan.

At the beginning of 1914, Mr. Loudon, Minister of Foreign Affairs of The Netherlands, at the suggestion of an eminent American international lawyer, who from his office in the Department of State at Washington had been the principal instrumentality in the negotiations which I have mentioned, proposed to the Great Powers his plan for the creation of the Court of Arbitral Justice. But the Great War broke out soon afterward as a result of the attitude of Austria-Hungary toward Serbia upon the occasion of the assassination at Sarajevo of the heir apparent to the throne of the Monarchy. This paralyzed all the activities toward creating the court. Perhaps it would have been possible to avoid the disastrous struggle if the court had already been in existence at that time.

When in the fall of 1918 the Central Powers of Europe had met with disaster and signed the Armistice, all those in favor of the creation of the court began to work with renewed vigor toward its achievement. From January 18, 1919, on the day

of the opening of the Conference of the Allied and Associated Powers at Paris, they brought their influence to bear upon the commission presided over by President Wilson, which was to form a League or Society of Nations. The Draft Convention presented to the Commission by him for that purpose did not propose the creation of the court. However, the work of certain members of the Commission, especially the same eminent American lawyer to whom I have already referred, surely was instrumental in inserting in Article 14 of the Pact the obligation on the part of the Council of the League to formulate and submit to the members plans for the establishment of a Permanent Court of International Justice, to have jurisdiction over all disputes of an international character submitted to it by the interested parties, and the further obligation of giving its decision on any dispute or question submitted to it by the Council or the Assembly of the League.

As soon as the Council could, it appointed an Advisory Committee of Jurists, which met from June 16 to July 24, 1920, in the Peace Palace at The Hague. In this committee the following countries were represented: the United States of America, Great Britain, France, Italy, Japan, Spain, Brazil, Belgium, The Netherlands and Norway, under the presidency of Baron Descamps, of Belgium. The United States of America were represented by Elihu Root, former Secretary of State and President of the Carnegie Endowment for International Peace, who throughout the labors of the Commission enjoyed the assistance and the efficient cooperation of the Secretary of the Endowment and Director of its Division of International Law and President of the American Institute of International Law.

The Council submitted, with certain modifications, the Draft Convention prepared by the Advisory Committee of Jurists to the First Assembly of the League. This Assembly, after introducing some changes in its provisions, principally with regard to the jurisdiction of the court, approved the Draft Convention, as I have said, at its session of December 13, 1920.

Article 1 of the Statute, which I shall not examine for reasons which I have already stated, provides that independently of the Court of Arbitration, created by the Hague Conferences of 1899 and 1907, and of the special courts of arbitration to which the States are always at liberty to entrust the settlement of their disputes, there is created in accordance with Article 14 of the Covenant of the League or Society of Nations, a Permanent Court of International Justice. The Statute then contains three chapters. The first deals with the Organization of the Court and covers Article 2 to Article 23 inclusive; the second chapter deals with the Competency of the Court and covers Article 34 to Article 38 inclusive; the third chapter deals with Procedure and covers Article 39 to Article 64 inclusive, which is the last article. There is also inserted in the Statute, together with the Protocol of Signature, the so-called optional clause by virtue of which the States that have accepted it recognize the obligatory jurisdiction of the court upon the conditions which they have deemed advisable. For the other States, the jurisdiction is not binding.

A cursory comparison between the Draft Conventions, prepared since the Hague Conference of 1907, and the Final Statute of the Court, leads one to the inevitable conclusion that a majority of the principles of the Statute are based on the work already prepared by the officials of the American Department of State and by the Carnegie Endowment.

And as the eminent international lawyer who has taken such a great part in all the work of which I have spoken is none other than the President of our American Institute of International Law, the honorable James Brown Scott, whom we have the honor of seeing in our midst for a few days and who has just spoken, it is only just, very just, that in concluding my remarks I should extend my greetings to him and, in the name of our Society, congratulate him for having at last witnessed the realization of his labors of so many years, in which he always maintained unfaltering faith, trusting from one day to the next that the great work would be achieved

which he more than anyone else has by his learning and his personal efforts helped to bring about.

It has been said of the League of Nations that Léon Bourgeois, the learned and illustrious President of the French Senate, is its grandfather and that Woodrow Wilson, the eminent champion of liberty and democracy, Lord Robert Cecil, the illustrious parliamentarian, and General Smuts, the noted Prime Minister of South Africa, are its fathers. In the same way, I may say that if the Permanent Court of International Justice also has parents, no one deserves this name more fully than Elihu Root and James Brown Scott, the two great Americans who play a leading part in directing the Carnegie Endowment for International Peace, which has given birth to the American Institute of International Law and to our own Cuban Society of International Law.

II

CUBA, THE UNITED STATES OF AMERICA AND THE
LEAGUE OF NATIONS

*Address delivered at the closing banquet of the Cuban Society of
International Law, Havana, March 5, 1922*

By COSME DE LA TORRIENTE

Mr. Secretary of State,
Mr. President of the American Institute of International Law,
Mr. President of the Cuban Society of International Law,
Fellow Members:

Diplomatic successes and failures, wherever they occur, are always attributed to him who is charged with the direction of matters of diplomacy, namely, the Minister of Foreign Relations. It is, therefore, fitting that I declare here to whom we should ascribe in the first place the success won by the Cuban delegation in the Second Assembly of the League of Nations at Geneva. This person is our Secretary of State, Dr. Rafael Montoro, who does us the honor of presiding tonight. May God grant that, as on this occasion, but as has not always been the case during our short history as a Republic, our Secretaries of State be given more time to deal adequately and solely with international affairs. And may diplomatic negotiations with the representatives of all nations never be conducted through any other channel than the Secretary of State.

When this secretary possesses the qualities and the merits of Dr. Montoro, it can not be surprising if, as Dr. Montoro did, he should send in times so difficult for the Republic as these last months have been, a delegation to the Second Assembly of the League of Nations with instructions to see to it that Dr. Bustamante be elected member of the Permanent Court of International Justice.

Surely the President of the Republic also played an im-

portant part in this success, for it was he who approved with great readiness the recommendations of Dr. Montoro with regard to the sending of the delegation. He is not among the last to deserve credit for its triumph.

In the second place, I give credit to the delegates who attended the First Assembly and to those who took part in the Second. To those who were present at the first because they prepared the ground by establishing better relations with the representatives of all the States belonging at that time to the League. The president of this delegation was one of the most illustrious and competent officials of our diplomatic service, Dr. Aristides de Agüero, Minister Plenipotentiary of Cuba to Germany. In honor of him and all the other delegates to that Assembly, Dr. Rafael Martínez Ortiz and Ezequiel García, the former Minister to France and the latter until recently Minister in Italy, and in honor of Dr. Miguel Ángel Campa, our Minister to Japan and Secretary General to the delegation, I ask you to applaud most warmly.

The second delegation, representing Cuba at the Second Assembly, was presided over by myself, since the President of the Republic, Dr. Zayas, and Dr. Montoro kindly desired to confer this honor upon me. It was really not necessary that anyone else than Dr. Agüero, who had presided over the previous delegation, should preside over this one. With him as president and with the other delegates the election of Dr. Bustamante would have been secured in precisely the same way. I could add to their efforts only the experience which I have acquired in the various positions held by me in the foreign service of the Republic, as Envoy Extraordinary and Minister Plenipotentiary in Spain during the administration of our great President Estrada Palma until he resigned his high position, also as Secretary of State for a time during the early administration of President Menocal, and as President of the Committee of Foreign Affairs of the Senate for a number of years. In consideration of this service it was agreed that I should act as First Delegate and as President of the Delegation. It would not be just if I omitted to say what you

know I do not say merely out of modesty. The other members of the delegation, namely, Dr. Salaya, Dr. Aguero, Mr. Guillermo de Blanck, our present Minister in Holland and in Switzerland, and Dr. Campa were just as instrumental as myself, if not more so, in bringing about the election of Dr. Bustamante. All of them endeavored from the very first moment to prepare the soil for the election, and I say "prepare" advisedly, since you must know that in an assembly composed of the delegations of 42 States coming from all parts of the globe, in an assembly in which each country has three delegates, it was natural that many of those present were not sufficiently informed with regard to the qualifications of Cuba's candidate.

Our country is sufficiently well known in the world through the achievements of some of its sons, perhaps more through Dr. Bustamante than any one else. But it must not be forgotten that the delegates of Cuba at Geneva, both in the previous Assembly and in this latter one, came together with many countries with which we had hitherto had no relations at all. Cuba has 24 or 25 ministers in foreign countries, and whereas at the present time there are 51 States in the League of Nations and Cuba maintains some of its legations in countries not represented therein, for example, the United States of America, Mexico and Germany, it may be said that our country has no relations of any kind with one-half of the nations in the Assembly. In some of these countries we do not even maintain consular agents and we are familiar with them, as they are with us, only by virtue of what we read in books and periodicals.

Notwithstanding statements to the contrary, as I declared the other day in the solemn session inaugurating the labors of our Society for its Fifth Annual Meeting, which is now closing with this banquet, I can assure you that the sympathy for Cuba is at the present time very great in the League of Nations. And in this connection I would make clear to you the opportunity which our Republic has at the present time more than ever before of becoming known in foreign coun-

tries. It is an absolute necessity, I say, that we publish books both in the name of the State and in the name of individuals, carrying on this work of propaganda.

Several times during my stay at Geneva it happened that persons, desirous of securing information on Cuba, turned to me and spoke to me at length on our people. They were surprised by the facts that I gave them, which were so contrary to what they had believed. Very frequently questions were put to me which showed only too clearly that the questioners had no conception of the form of government in Cuba. I recall that the representative of a small country, which has risen to independent life as the result of the dismemberment of the great Russian Empire, desiring to appear very well informed with regard to Cuba and after weighing the question well in his mind said to me: "What Power has the mandate over Cuba?" All of you know the significance at the present time of the mandate in international law.

There is no doubt that Cuba has profited tremendously by joining the international concert of the League of Nations. It has profited by the understanding brought about through the League and by its organization in spite of its defects. There is no doubt that the statesmen of some of the States belonging to the League will have much work to do, especially those of us in our American nations who occupy ourselves with these matters. Possibly it would be well to direct the activities of our American Institute of International Law into these channels, thus bringing it about in time that the Covenant be modified wherever necessary. There is also no doubt that among the majority of the members of the League there exists a good spirit. They are willing to make revisions and to take into account and to comply with the desires of the United States of America once they decide to join. They also realize that the American nations can not agree with certain articles of the Covenant, above all with the organization of the Council.

Without fear of contradiction I can assert that in the Assembly of the League every Power, great or small, is con-

sidered and dealt with in the same manner. I must say that as president of the delegation from one of the smallest Powers of the globe, I was always treated with the highest consideration. My opinion was respected and I was drawn into the discussion. I was accorded the same attention as the representatives of the greatest Powers of the world were accorded. Directly in front of me sat the great Balfour, one of the most illustrious men of the powerful British Empire. Behind us, the Cuban delegates, were seated the Greeks. Across the aisle our sister nation Costa Rica was seated, represented by my old friend Mr. Peralta. And in front of him in this beautiful concert were the delegates of the State that had fought vigorously against the Allied Powers, namely, Bulgaria. At our right, separated by another aisle, were the delegates of one of the most important American States, Brazil, presided over by one of the best friends of Cuba, Ambassador Gastão da Cunha. A little behind them were the representatives of immortal France, the grandsire of the League, Léon Bourgeois, with Viviani and Hanotaux, who repeatedly showed their affection for Cuba. A little farther away was the former Minister of State, Conde de Jimeno who, with Ambassador Quiñones de Leon and the Under Secretary Palacios, constituted the delegation of our old mother country, Spain. And thus were scattered in alphabetical order throughout the great Salle de la Réforme, where the sessions took place, the delegations from all America, in close harmony with us.

Gentlemen, there was not a single occasion in the Assembly during the discussion of important questions by the League in which the great men of the most important Powers of the world did not reveal the same interest in the opinion held by any of our small American nations as they evinced in the opinion of the most powerful States of the world.

We were given posts of the greatest importance; we took part in all the deliberations and had seats in every kind of meeting. It may, therefore, be asserted that the League is functioning with the democratic spirit of equality which it was hoped it would have. And if at any time certain articles

of the Pact are modified, as I have said before, and the organization of the league is improved, principally with regard to the Council, positive results will follow from its labors. Accordingly, I believe that during these first months the principal duty of the American Governments is to arrive at a preliminary understanding whereby, when their delegates return to Geneva, they may be able to propose a general plan for revising the League, of such a nature that no State will be able to remain outside of the League and which will above all make the entrance of the United States of America easier. For the United States will enter sooner or later, since that nation cannot refuse to occupy the position which belongs to it in this splendid association of all the peoples.

The United States of America have not desired to enter the League. Yet sooner or later those few nations that have not yet adhered will do so. Argentina, which as you know belongs to the League, presented an amendment to Article 1 of the Pact in the First Assembly and thereupon withdrew its delegates, and it did not attend the Second Assembly either. Hereupon, after delayed consideration, it was decided to postpone a study of the Argentine proposal until the meeting of this year's Assembly. This latter Assembly will surely accept the proposal with some modifications if the delegation of the Argentine Republic will attend. If the proposed amendment is accepted, it will make easier the entrance of those few nations of the world that do not yet belong to the League. In America the Republic of Ecuador has not ratified the Pact and has, accordingly, not entered the League. It is to be hoped that Ecuador will ratify very soon. It is also hoped that the admission of our sister Republic, Mexico, will take place sooner or later. This State has perhaps not yet joined the League because of international difficulties resulting from the political struggles of the immediate past. The same will have to take place in Santo Domingo as soon as its government is reestablished in accordance with the wishes of our Continent. This republic, together with Ecuador, the United

States of America and Mexico, are the only nations of America that do not yet form part of the League of Nations.

Reports come from Europe that Germany and Turkey will very soon become members of the League. Perhaps you have read the recent dispatches which announce that the Prime Ministers of France and England have discussed this subject. As soon as these Powers have solved certain preliminary questions to show their willingness to comply with the stipulations contained in the Treaties of Peace, this will take place. It is also said that Russia will join sooner or later if, as it is hoped, its present government loses power or at least if it shows greater respect for treaties and private property.

When all this has taken place and when the Powers of our Continent have proposed a good plan for revising the Pact so that no country can remain outside of the League, there is no doubt that the principal statesmen of the United States and American public opinion will realize that the League is the most fitting association for the realization of the great and noble ideals which have always been cherished by the North Americans.

After conferences of such importance and crowned with such success as the recent one held in Washington, there is no doubt that the United States of America must remain in close touch and must preserve the best diplomatic relations with the Great Powers of the world. But that is not sufficient for the realization of the ideals and the aims which have been assigned to the United States by Providence. They must cooperate with all the nations in order to guarantee peace and good feeling and to bring about the reign of justice and respect for treaties. Still this can never be achieved except if the United States become a member of a league or society of nations in which their representatives take part in the discussion and on a footing of equality reach helpful agreements with the representatives of all the Powers of the world, the greatest as well as the smallest.

Under the existing government, international relations in Cuba are entrusted to the executive power and delegated by it

to the Secretary of State. In certain cases also they are entrusted to Congress and delegated to the Committees on Foreign Affairs of the two legislative houses, principally of the Senate, because by virtue of our constitution it devolves upon the Senate to approve the treaties made with other nations, with the exception of treaties of peace and laws declaring war. These latter must be approved by the two houses of Congress. Furthermore, it is a special function of the Senate to take cognizance of and approve all nominations to diplomatic and consular positions made by the President of the Republic. Hence, it is so important and necessary that the Secretaries of State should maintain intimate relations and act in unison with the Senate through the Committee of Foreign Affairs, as I did when I held the position, and as is being done at the present time with such consistency and success by Dr. Montoro.

If any country must constantly cultivate its international relations, that country is the Republic of Cuba. The patriots who fought for independence for half a century sought to found the Republic, as they hoped, without any class distinctions, just as all the nations that form the constellation of American Republics were born to independent life. Our geographical position, our terrible struggle against the old Mother Country, which sent such great armies across the Atlantic to stifle the revolution, armies never before equalled by any force sent to combat the longing for independence on this Continent, and the important relations and great economic interests between Cuba and the United States, all these things prompted the United States during the saddest days of our struggle for liberty to intervene in the contest. But when this intervention took place, the Congress of the United States immediately voted the famous joint resolution wherein it declared that Cuba is and by right should be free and independent. When the war ended victoriously the Americans bound themselves in the Treaty with Spain, signed at Paris, to entrust the Government of Cuba to the Cuban people. And thus, on that beautiful midday of May 20, 1902, all of us who

had fought for independence, and perhaps those too who had done nothing to achieve it, all of us witnessed how over the Castillo del Morro in this city of Cuba there was hoisted the flag for which so many thousands of Cubans had lost their lives.

When the Republic of Cuba was established, the Constituent Assembly had first of all to accept what was called the Platt Amendment, namely, the conditions under which the Congress of the United States of America permitted the American Government to entrust the government of Cuba to the Cuban people. A little later President Estrada Palma accepted these conditions and made the permanent treaty with the United States of America. In this treaty there were included the stipulations of the amendment which, according to repeated declarations of the Government at Washington, serve only to strengthen and to consolidate Cuban independence. For those of us who fought to win this independence it has always been unpleasant and painful that the Republic could not be born to international life without those conditions contained in the treaty. However, we cannot deny that the members of the convention would have been unable to act otherwise, and while the treaty exists it must be applied. I desire to recall that the Platt Amendment was only a law of the American Congress, while the permanent treaty concluded between the Governments of the two nations binds the two peoples. For this reason I never speak of the Platt Amendment without mentioning the permanent treaty, because the latter legally creates reciprocal relations between the Governments of Cuba and North America.

I believe that without the Platt Amendment and without its provisions as incorporated in the permanent treaty, the latter could have been adopted in another form, establishing even closer reciprocal relations between the two nations. Instead, the amendment has given rise to many controversies and has made it possible for the enemies of Cuban independence to paralyze the nationalistic feelings of the Cuban people. But all this does not hinder me from declaring here that

most of the difficulties which have arisen for us because of the treaty have been the fault of the Cubans themselves. If we had not greatly disturbed the peace by our political struggles, especially when we had to reestablish by constitution the executive and legislative powers, and if, moreover, we had been extremely careful in all matters relating to public service and our treasury, perhaps some of the difficulties would have been avoided.

I have no doubt that in the United States there have existed and do exist public officials who in their relations with Cuba have wished to interpret the permanent treaty in a narrow and improper manner which could not be anticipated by the men who voted for the joint resolution, neither by those who came to our country to fight for its independence, nor yet by those who were responsible for the Platt Amendment and later negotiated the treaty.

There is no doubt that we Cubans could have continued to help secure what we thought we had secured in the time of Estrada Palma, namely, the disappearance of the permanent treaty, its going out of force by disuse and lack of application. Far from having followed this path, in order to avoid what has actually come to pass, we have given reason for the invocation of certain clauses of the treaty and have even given our neighbors occasion to interpret the treaty as they are not justified in interpreting it.

By reason of the functions which I have held, or am now holding, I have always considered it important to be informed with regard to our international relations with the United States of America, and I have often had the opportunity of discussing these problems with representative men from that nation. On these occasions I have called their attention to the necessity of their giving heed to the manner and form in which their public officials interpret the principal clauses of the Platt Amendment incorporated in the permanent treaty. For this is the only means of avoiding that persons, unfamiliar with these matters and unaccustomed to the study of international law, notwithstanding their general intelligence

otherwise, who have not taken the trouble to study the provisions of the treaty but rely upon this unjust interpretation, shall help to bring about in our country a state of suspicion or disgust that explains the difficulties between two peoples who have always maintained and should continue to maintain the most intimate and the most cordial relations.

It is an urgent necessity for us today that those who govern the Cuban Republic should give all possible opportunity in our international affairs to those brilliant young men whom we have today, with their knowledge and their training, and who are under the guidance of Dr. Bustamante not only in his capacity as professor of the University, but also as a leader in the Cuban Society of International Law. From day to day he delves deeper into these important studies with the result that, as was said in one of our recent sessions, the University of Havana is now considered, even in foreign countries, as one of the world's centers devoted especially to the study of international questions.

By virtue of our situation as a consequence of the relations that we maintain with our neighbors on the north, a situation brought about by the permanent treaty with them, we have turned perhaps more than any other people of our Continent to the study of international law. For this very reason we have become conscious of the fact that our situation cannot be changed in future, but that it can improve by the force of our intelligence, by consolidating the Republic even more in future, so that it can never be in danger and will always subsist for our children and our children's children, as they dreamed who fought for it. We can not do otherwise than strive with all our patriotism and energy to bring it about that the clauses of the permanent treaty should always be interpreted as they ought to be. And mindful of our duty as a respectable law-loving people, we should see to it that those clauses fall into disuse by lack of application, with the result that some day we shall be able to substitute for that treaty one which will serve to do away with all kinds of difficulty and

which will make the relations between the two countries closer than ever.

It would not be difficult for me to show to any American statesman that certain clauses of the Platt Amendment such as are incorporated in our permanent treaty, far from favoring the interests of the United States of America on our Continent, harm them. I could show that these clauses do not grant any kind of powers to the United States which without the amendment have not been exercised in most of the countries washed by the Caribbean. The existence of these clauses has always helped to keep alive the impression that the Americans maintain a preponderant position in Cuba which they should not exercise and that both in Cuba and outside of Cuba there are many who claim that the existence of the permanent treaty as it is, is injurious to our Republic and makes international relations difficult. This is especially true of the manner and form in which the principal clauses of the treaty have been interpreted.

There is no country in the world today which could exist very long without foreign intervention if it did not guarantee and protect the life, liberty and property of all those living within it. And with or without the Platt Amendment it would not be possible for any nation, in view of the interdependence of all, to ride roughshod over the life and property of citizens and foreigners. This only shows how unnecessary the clause in question is which has been carried over from the Platt Amendment to the permanent treaty.

Neither can any nation today fail to fulfil its international obligations of an economic character without entailing enormous difficulties. If it had not been for the attitude which the Monroe Doctrine has always prompted the United States to assume, certain European Powers, who had made demands on some American nations for the payment of indemnities or debts, would have established themselves in this Continent on several occasions in the past, for they repeatedly sent their warships over to make their claims effective. Thus, the great people of Harding have helped to preserve the inde-

pendence of certain American nations without a Platt Amendment obliging them to do so.

There was no need of a Platt Amendment when the Americans helped some nations of America and outside of it who were menaced by poor conditions of sanitation. And in this respect we Cubans can be proud of the fact that no nation of the world has a lower death rate or a better organization for maintaining the public health.

When the United States planned to construct the Nicaragua Canal and later the Panama Canal, it was logical and natural that they should desire to have an important naval station near at hand which would be most accessible to all the points of embarkation from the Atlantic to the Pacific, or *vice versa*, that is to say, Cape Maisi. In return for their aid in winning our independence and because they were bound closely to us with a pledge to help us if this independence should be attacked, and we could not resist alone (just as we would assist them and as we have done in our little way, when necessary), we would always be glad to concede to them the right of a naval station at Guantanamo, as we did when occasion presented itself, also at Honda Bay, and as they renounced in the treaty the extension of the land comprising the former.

As you see, I have rapidly sketched a series of problems which are and will always be of great importance and worth studying not only by our Cuban Society of International Law, but also especially by the American Institute of International Law and the societies, in the United States of America and in the rest of the Continent, corresponding to our Society.

The best way of making the union of all the American Powers closer, the best way of allaying all suspicions between the great nations to the north and all those peoples speaking our tongue and the Portuguese and French tongues in America, is for the men devoted to the study of international law in the United States to take all these questions which I have mentioned into account, so that in time the work necessary for the creation of a state of feeling in the United States favorable to

the abandonment of those clauses of the permanent treaty which give rise to the difficulties that I have mentioned to-night may be realized. In their place others should be incorporated which will convert the treaty into one of amity and good relations, or better still into one of real alliance such as should exist between two nations so closely united by geography, history, commercial relations and friendly feelings, and so far as Cuba is concerned, by the great service rendered in the noble and generous act of 1898, which is never to be forgotten, when the soldiers and sailors of America, under McKinley and Roosevelt, landed on the coast of Santiago to help the Cubans to win once and for all their independence.

For the present I realize that perhaps the opportune moment has not come. But the day is coming, and I hope that it will come soon, when we will again be, as we were in the earliest period of the Republic, a model, orderly and law-respecting people, when we shall give no cause for criticism, not because we do things worse than others, but because our proximity to and relations with the United States, as they are regulated by the permanent treaty, oblige us to be more cautious than others and perhaps not to do what can be done in other nations without arousing frequent criticism.

Not long ago I was explaining to a distinguished American the unjust interpretation given by some American Government officials to certain clauses of the treaty and the harm caused thereby to the international status of Cuba. I said that sooner or later we would have to negotiate a separate agreement which would contain nothing that could in any way injure our sovereignty. He replied: "Do you believe then that without the Platt Amendment and without a permanent treaty as it exists today there would be no revolutions in Cuba?" I replied to him: "No, there have been and there will be revolutions in Cuba, just as in many countries of the world. But when unjust revolutions take place in Cuba, the Government will assuredly be able to suppress them, supported in its efforts by public opinion. On the other hand, when the Government tramples upon the rights of the citizens there will also

be revolutions, with the difference that the revolution will do away definitely with the Government and that there will then probably be no future governments that will trample upon the rights of the citizens."

I am one of those who believes that Cuba must pass through the same difficulties as other countries have passed through who have preceded us in the consolidation of their acquired liberty. All the nations of America have experienced the same difficulties as we have. Yet some, after a century of independent existence, have not yet been rid of these misfortunes which trouble us too, in spite of enjoying enormous material progress and great culture such as is enjoyed by the Cuban people.

The great advantage that Cuba has gained by becoming a member of the League of Nations, the great advantage that we have obtained in having Cuba represented by Dr. Bustamante in the Permanent Court of International Justice, lies in the fact that from day to day the world will become more convinced that Cuba is a country well prepared for independent life. And the great American people will understand that they were not mistaken when they participated in the terrible war of emancipation against Spain, fought in order that we might be free. And they will understand that they did not make a mistake when, in concluding with Cuba the Treaty of Paris, they incorporated into it the obligation of entrusting the Cuban Government to the people of Cuba, and that they were not mistaken on May 20, 1902, when they established the Republic of Cuba, allowing the Cubans forever to rule their own destinies as a free and sovereign nation.

By a lofty design of Providence that has thus helped to exalt the international importance of our country, a son of the old conquering and civilizing nation, Spain, and a son of the last of the Spanish colonies to gain its independence, Cuba, are to represent in the Permanent Court of International Justice the Spanish race, the beautiful Spanish tongue and the juridical system common to all the countries of our language. When in future the nations of our race desire for any reason to appear

before the court in order to settle disputes that may arise with other Powers of the world, they know that they will be going to two judges who of the eleven sitting in the court speak the language of Cervantes and Heredia, namely, Altamira and Bustamante.

But especially in Spanish America there is no one who, having greeted with great satisfaction the election of Dr. Bustamante, has not felt regret, just as we Cubans feel it keenly, that our race did not obtain a third judgeship for Dr. Alejandro Alvarez, the learned son of Chile and eminent writer on international law who came so close to being elected in Geneva and whose failure to be elected is due most of all to the organization of the Council of the League.

I do not doubt that sooner or later he will secure a seat in the Court, since the number of judges may be increased up to fifteen in accordance with the Statute of Organization. And when this takes place all America will surely secure the additional judgeship that it merits, obtaining it for Dr. Alvarez, who deserves it so fully by virtue of his reputation, which is increasing day by day both in this Continent and in Europe.

And now, fellow members, in closing I call upon you to lift your glasses and drink to the health of our guests, James Brown Scott, Alejandro Alvarez, Luis Anderson and George A. Finch, who have come to Cuba to participate in the annual meeting of the Directors' Council of the American Institute of International Law at Havana and to take part in the fifth meeting of our Society. May their homeward journey be a happy one and may we meet them here again next year to celebrate with rejoicing the new triumphs which for the good of our America and all humanity will have been attained in the field of international law by the Institute over which Dr. James Brown Scott presides and the national societies of international law which in harmony with it are so active throughout the whole Continent.

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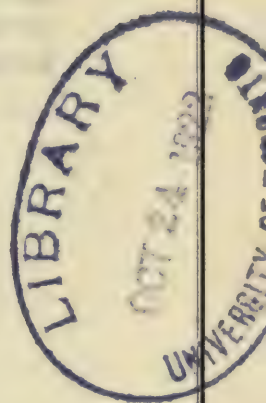
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WITH INTRODUCTIONS BY
JIŘÍ HOETZL and V. JOACHIM



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It is the aim of the Association for International Conciliation to awaken interest and to seek cooperation in the movement to promote international good will. This movement depends for its ultimate success upon increased international understanding, appreciation, and sympathy. To this end, documents are printed and widely circulated, giving information as to the progress of the movement and as to matters connected therewith, in order that individual citizens, the newspaper press, and organizations of various kinds may have accurate information on these subjects readily available.

The Association endeavors to avoid, as far as possible, contentious questions, and in particular questions relating to the domestic policy of any given nation. Attention is to be fixed rather upon those underlying principles of international law, international conduct, and international organization, which must be agreed upon and enforced by all nations if peaceful civilization is to continue and to be advanced. A list of publications will be found on page 86.

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I

THE DEFINITIVE CONSTITUTION OF THE
CZECHO-SLOVAK REPUBLIC

By Dr. JIŘÍ HOETZL

The National Assembly of the Czecho-Slovak Republic—a body which was the product of the Revolution—determined, by an enactment dated February 29, 1920, on the definitive Constitution of the land. Conditions resulting from the war prevented this Constitution being elaborated with the parliamentary co-operation of non-Czech citizens of the Republic (i. e. Germans and Magyars), particularly as the frontiers of our state had not at all points as yet been finally determined upon. The National Assembly, with due regard to this fact, endeavored to elaborate a Constitution which should be both just and impartial, so that our state might in all honor defend it against criticism however severe—a criticism taking just account of all attendant circumstances.

The Charter of the Constitution expressly declares the Czecho-Slovak Republic to be a democratic republic. It is a unified, not a federative state. Only the territory of Russinia (Podkarpatská Rus) enjoys a special position in regard of public rights, defined in Par. 3 of the Charter. By these provisions, the Treaty of St. Germain-en-Laye (Articles 10–13) made on September 10, 1919, between the Allied and Associated Powers of the one part and the Czecho-Slovak

Republic of the other part, has been carried into effect within the state itself. The Czecho-Slovak Republic, it is true, was under no obligation according to Article 1 of the said treaty, to declare the Articles 10-13 as fundamental (constitutional) articles. By doing so in Par. 3 of the Charter the Republic clearly shows that she desires fully to guarantee the autonomous existence of the territory of Russinia. Our Republic has done more than its international duty, not only formally but also *de facto*, in admitting the members of the National Assembly (deputies and senators) elected in Russinia, to full rights of discussion, of voting and participation in *all* acts of the National Assembly, although Article 13 of the Treaty of St. Germain lays down: "Toutefois ces députés ne jouiront pas du droit de vote dans la Diète Tchécoslovaque en toutes matières législatives du même ordre que celle attribuées à la Diète ruthène."

The organization of the territory of Russinia is being carried out and is facilitated by Section 8 of Par. 3 of the Constitutional Charter. The unity of our state recognized *inter alia* in Article 10 of the Treaty of St. Germain, is emphasized in Par. 4, according to which, citizenship of the Republic is one and uniform.

At the head of the Charter of the Constitution stands the principle that: "The people is the sole fountain of state authority in the Czecho-Slovak Republic."

The Charter does not treat this principle as a mere formula but endeavors to give constitutional life to it, limiting its application only in cases where the integrity and security of the state categorically demand restrictive stipulations.

Legislative power is unified—the autonomous diet of Russia of course forms an exception. Our little state could not permit the different provincial diets, previously existing, to continue their functions. Par. 7, therefore, of the Charter declares the legislative and executive powers of the diets of Bohemia, Moravia and Silesia at an end. The legislative body (National Assembly) is composed of two chambers: the House of Deputies and the Senate. Both chambers are elected by direct ballot on the basis of democratic rules of suffrage which recognize the absolute equality of both sexes (Par. 8–17 of the Charter). The elections take place on the principles of proportional representation carefully worked out to the minutest details. A second and a third scrutiny secure as perfect a representation as is possible to the weaker political parties. The rules of franchise both for the House of Deputies as for the Senate draw no distinctions in regard of race or religion; they are equally just to all. It has been the earnest endeavor of our state to apply, in all its consequences, the principle expressed in Section I of Article 7 of the Treaty of St. Germain (Par. 128, Section I of the Constitutional Charter). Our state has also conscientiously applied this principle in drawing up the rules of franchise.

It is important to note, too, that our rules of franchise are totally devoid of all that electoral trickery so characteristic of the Austrian franchise. A proportionately large number of seats has been, it is true, given to the constituency of Prague, but this is explained by the fact that, on the one hand, this electoral district contains the capital of the Republic with its enormous possibilities of development and that, on the other hand, the district was purposely neglected

by the Austro-German Governments. It is absolutely certain that the large influx of population continually going on will result in a large increase in the number of inhabitants. The rules of franchise, calculated to cover a long period of time, had to be adapted to these facts and circumstances. As to the technical aspect of electoral procedure, great care has been taken to secure that every elector may record his vote without suffering from any outside constraint whatsoever. Here, too, all persons are treated exactly alike, no regard being paid to difference of race or religion.

Great care has been bestowed upon the organization of the legislative body. Tough political fights ended in compromise and the Chamber of Deputies emerged as the political factor *par excellence*. It is this chamber alone that, by a vote of non-confidence, can compel the resignation of the government (Par. 75 and 78 of the Charter of the Constitution). The Senate, on the other hand, exercises rather the functions of amendment and moderation. The age-limit prescribed for eligibility to the Senate (forty-five years) is a guarantee that this chamber will be composed of members of experience and judgment. As an offset to this somewhat high passive age-limit, the active franchise is enjoyed by all citizens who have attained the age of twenty-six years (and not thirty as was proposed in many quarters). The reciprocal relations of the two chambers in respect of lawmaking—as determined by the Charter of the Constitution after protracted struggles and discussions—do not follow the lines of those of any other country. In principle the two chambers are in so far equal that they both enjoy the right of initiative, and that even government bills may be first introduced in either house. Only in the

case of budget and army bills must the measures first pass through the House of Deputies. On the whole it may confidently be said that more discipline and conservatism have been introduced into the legislative labors of the new National Assembly and certainly more settled economic and political conditions in Europe generally will contribute also thereto.

It is naturally of the greatest importance to our state that all parliamentary work should take an undisturbed and effective course. Much care has therefore been devoted to the elaboration of rules of procedure. It is particularly worthy of notice that these rules concede to racial minorities within the state the maximum of rights compatible with the practical working of the parliamentary machine. A comparison with the conditions existing in the former parliaments of Vienna and Budapest will show how infinitely better is the lot of the racial minorities in our Republic than was the lot of the Czechs and Slovaks under the old régime at Vienna and Budapest. At the same time, it was necessary that the rules of procedure should keep in check, if not render absolutely impossible, all malicious attempts to frustrate the practical labors of Parliament.

The democratic spirit of our Constitution is likewise shown in Par. 54 of the Charter of the Constitution. This paragraph provides for the setting up of a permanent committee—two-thirds of the members of which are taken from the House of Deputies and one-third from the Senate—which shall take the place of the National Assembly when the latter is unable to sit. Governmental and executive authority is thus, in principle, devoid of such power as was possessed, for example, by the Government of the former Austrian

Empire in virtue of the notorious Article XIV of the law relating to the representation of the Empire. The Charter of the Constitution does not permit the government of our state to remain for one moment without the control, nor yet without the aid of the legislative body.

The President of the Republic, it is true, has been conceded certain prerogatives in respect of the National Assembly; it is he who convokes, prorogues, terminates, and dissolves Parliament; but strict limits have been set, in the interests of Parliament, to these prerogatives (Par. 28-31 of the Charter of the Constitution). The President is bound to convoke Parliament at least twice a year to regular sessions; besides which he may summon it to extraordinary sessions if need be. On the request of a qualified majority of either chamber, both chambers assemble, if necessary automatically, at the summons of their respective presidents, without regard to the wishes of the President of the Republic. The Charter of the Constitution protects in this matter even parliamentary minorities, for they too have the right to demand the convocation of Parliament and if the President of the Republic takes no steps to this end the Parliament meets automatically within a certain period on the summons of its presidents. This provision (Par. 28 of the Charter of the Constitution) proves how our state protects a minority in a sphere so sensitive as is that of Parliament. A minority has the right to compel the summoning of Parliament!

The President of the Republic is entitled to return, with his observation thereon, any law passed by the National Assembly (Par. 47 of the Charter of the Constitution). In spite of the veto of the President the

Assembly may promulgate the law in its original form with the assent of an absolute majority of both houses (or otherwise under the special conditions set out in Par. 48 of the Charter of the Constitution).

It is appropriate here to point out that the Charter of the Constitution is placed in its entirety under the special and effective protection of a Constitutional Court. It is intended that the Charter of the Constitution be the foundation stone of the whole life of the state, the fountain of the rights of all citizens. An ordinary law may not conflict with the Constitution without becoming null and void. The judgment of the Constitutional Court declaring a law invalid causes it or its defective part to lose its binding force for the future. This institution likewise serves as a protection of the rights of minorities whether racial or religious.

In this connection may be also noted the provision of Par. 55 of the Charter, stipulating that government decrees (by-laws) may be issued only on the basis of a law and within its terms. The power to issue orders "*praeter legem*, as exercised, for instance, in France," does not exist here. It is the duty of the courts to see that this principle is duly observed (Par. 102 of the Charter of the Constitution) and they have power to declare as null and void every decree or by-law which does not conform to the law.

GOVERNMENTAL AND EXECUTIVE POWER

This power in its highest aspects is shared between the President of the Republic and the government. The election of the President is indirect, that is, he is chosen by the two chambers of Parliament assembled in united session. The President enjoys such govern-

mental and executive power as is expressly assigned to him by the Charter of the Constitution or by other laws of the Republic; all other governmental and executive power rests in the hands of the government. The functions of the President as set out in Par. 64 of the Charter of the Constitution are very comprehensive and effective and enable the President to exercise a great influence on the direction of the affairs of the state, without at the same time burdening him with details. As the President of the Republic is not responsible at law for his political acts (except as set forth in § 67 of the Charter), governmental and executive power has been in principle placed in the hands of the responsible factors, that is, the government. The Constitution expressly introduces the principle of collective responsibility of the government (Par. 75 and 78 of the Charter). A characteristic feature of our Constitution is the effort to secure that all the more important matters of government be settled in a council of ministers, a cabinet meeting (Par. 80 and 81 of the Charter of the Constitution), the idea being to render it impossible for an individual minister to abuse his position. This effort, as evidenced by the Charter of the Constitution, to ensure a collective and corporate discussion and action in the affairs of government, goes so far as to deny to ministers the right of appointing civil servants of the seventh and eighth classes. These provisions, too, of the Constitutional Charter are a protection to minorities and aim at assuring an undisturbed and responsible conduct of the affairs of government.

Democratization among us is not confined to legislative authority; one of our great tasks is the democratization of the public administration, and to this

work the foundations have been laid by Par. 86 of the Charter, where it is laid down that the civic element shall as far as possible be represented in the subordinate offices of state. The law creating special administrative bodies for the counties (*župy*) and the districts (*okresy*) represents an effort to put this constitutional principle into practice. It is a bold step towards reorganizing public administration in a more democratic direction. The civic element thus participates in all political administration (interior) in the subordinate offices (ministries are an exception). This participation is particularly conspicuous in the organization of the administrative courts (*contentieux a priori et a posteriori*), where it is a matter of the protection of the rights and interests of citizens. The Czecho-Slovak Republic has in this way introduced for us a new kind of autonomy, giving even racial and religious minorities the opportunity of collaborating in the management of their own affairs, or indeed of settling the same themselves. Such collaboration or power of settlement will have a great importance for the solution of the problem of minorities generally (Par. 133 of the Charter of the Constitution). We have often been asked whether we have not gone too far in our efforts at democratization. It was necessary, however, to proceed energetically towards the reorganization of the administration as it was bequeathed to us by Austria. Much will depend on the maturity of our people, which is now favorably influenced by the fact that all citizens may at last participate in the public administration.

The good quality of administration does not depend only on the good quality of juridical rules; in reality everything depends on the moral and intellectual

qualities of those who are charged with the administration. Every state has to take measures which in this respect have a preventive or repressive effect. The most effective measure here is the duty imposed on a state official or on the state itself to make good any damage caused to a citizen through the illegal exercise of public power. In this regard our Republic has had in mind the examples especially of France and England, and has determined this question by special enactments, hoping thus to assure a just application of juridical rules for the benefit of all citizens generally and of minorities in particular. Paragraphs 92 and 93 of the Constitutional Charter form the basis of these measures, to which effect will be given as soon as conditions become normal again.

A special section (Section V) of the Charter of the Constitution is devoted to the so-called fundamental rights and liberties of citizens. The enumeration of them is much more comprehensive than is usual in Constitutional Charters and emphasis has been given to certain matters, the importance of which was manifest in what was formerly Austria. Privileges derived from sex, birth or calling are not recognized; private ownership is inviolable, Par. 109 of the Charter declaring that private ownership may be limited or abolished only by law, that is, not by any mere executive measure. All these rights guaranteed by the Constitution are protected, by the Supreme Administrative Court, a court which, in the technical sense, sees to the legality of the public administration when claims or complaints are advanced from any quarter. Our state is thus fitted out with all the attributes and means of a state based upon right. That it is possible in certain cases to limit by an ordinary law the rights and liberties

guaranteed by the Constitution or even, in circumstances of some extraordinary nature, to suspend these rights partially or completely, is nothing new. We meet with the same thing in other democratic republics.

Section VI of the Constitutional Charter deals with the protection of racial and religious minorities (section 2 of Par. 106 and Par. 122 of the Charter treat also of this matter). Our Constitution has adopted the stipulations of the Treaty of St. Germain relative hereto and has gone further than our international engagements require, in declaring Par. 131 and 132 of the Charter, as fundamental (constitutional) articles, though the Treaty of Saint Germain in no way requires this. Here again our state desired to give a proof of its good will to settle the rights of minorities with perfect equity. This was also the case with regard to the provisions in the Constitution as to the use of languages where our scrupulous desire to fulfil our international engagements went so far as to cause us to adopt the very terminology of the conclusion of Article 4 of the Treaty of St. Germain, the Czechoslovak language being designated as the state, official language (*langue d'Etat, langue officielle*).

It is clear to every unbiased observer that the provisions of the Constitution relating to language are permeated both in letter and in spirit with the idea of perfect justice. The view that the Treaty of St. Germain prohibits the limitation of the language rights of minorities to a certain percentage of those minorities or to a certain area, is not supported by the Treaty of St. Germain itself (Article 7, Section 4). The Charter of the Constitution declares solemnly in its 134th paragraph that every species of forcible denationalization is strictly forbidden.

To sum up, it may be said that the definitive Constitution of the Czecho-Slovak Republic aims at being the democratic and just basis of public life in our state. It is a matter then, especially for our minorities, racial and religious, loyally to acknowledge these good traits and aims of our Constitution and to act accordingly.

II

RULES OF FRANCHISE THE CONSTITUTIONAL COURT

By V. JOACHIM

ELECTIONS TO THE CHAMBER OF DEPUTIES

(Act of Parliament of 29 February 1920. No. 123 in the Code of Laws and Regulations.)

There are twenty-three parliamentary constituencies, the smallest of which elect six members, the largest (Prague) forty-five.

The right to vote is enjoyed by every citizen who has attained the age of twenty-one years and who is entered on the standing list of voters (see below).

A voter has the right to vote only in one constituency and must record his vote in person.

Any citizen of the Czecho-Slovak Republic, irrespective of sex, who on the day of election has attained the age of thirty years may be elected deputy, provided that he (or she) has been a Czecho-Slovak citizen for at least three years and has not been legally deprived by the Court of the right to vote.

Every voter entered upon the list of voters is obliged to vote; an exception, however, is made in favor of persons seventy years of age and over, sick persons, etc. (whoever, without reasonable grounds of excuse, fails to take part in an election is liable to a fine of twenty to 5000 crowns or to a term of im-

prisonment varying from twenty-four hours to one month).

* * *

Twenty-one days at the latest before the election day and not later than 12 o'clock noon the various political parties present to the chairman of the election committee of the constituency their lists of candidates. Such lists are only valid if they are attested by the officially confirmed signatures of at least one hundred voters whose names appear on the list of voters for the particular constituency.

To each list of candidates there must be annexed a written declaration, personally signed by all the candidates, to the effect that they accept their nomination as candidates and that their names do not appear with their consent on any other list of candidates and that they have not been nominated in any other constituency.

The election committee of the constituency examines the lists of candidates to see if they conform to the formalities prescribed and to amend them, if necessary, with the assistance of representatives of the political parties.

Fourteen days at the least before the election day the chairman of the election committee publishes in the official journals of the constituency all the valid lists of candidates, indicating the parties, the election number assigned to each, and giving a complete and exact designation of each candidate.

The lists of candidates are then printed in the form of ballot papers, all having the same type and the same size of lettering, being printed on paper of the same color and form and having the seal of the elec-

tion committee of the constituency affixed to them all in the same place.

The chairman of the election committee of the constituency sends the papers to the local authorities in each community with the request to place them in the hands of the electors three days at the latest before the day of election.

The cost of printing the ballot papers is met as follows: Up to the 31st of December, 1924 the state pays two-thirds and the political parties one-third; after the 31st of December, 1924 the state pays one-half and the parties one half.

A party may, however, declare that it does not desire its list of candidates (ballot papers) to be sent in the official way to the voters of certain districts, or indeed of the whole constituency, and may at the same time for these districts or for the whole constituency order a definite number of official ballot papers and place them itself in the hands of the electors.

If a party does not deposit at the proper time a certain sum on account to meet the expenses of printing, it is assumed that the party has withdrawn its list and retired from the election.

Printers or persons employed in the printing trade are obliged to carry out the orders of the chairman of the election committee of any constituency issued for the purpose of getting the ballot papers duly printed in good time.

* * *

Every township is a place of poll. Elections take place on Sundays, polling commencing at 8 o'clock a.m.

On the day before the elections and on the polling day itself it is prohibited to sell or to serve drinks containing alcohol.

The elections take place under the direction of a local election committee composed—as all other committees are, which assist at elections—of representatives of the various parties.

It is the duty of the election committee to make sure that every voter in their district is in possession of all ballot papers which the authorities ought to deliver to him and to see that they are free from erasures or markings of any kind. Where papers are lacking, or have suffered erasure or been marked in any way, the committee sees to the recipients getting others, so that the voter shall have all the lists of candidates in so far as they should have been delivered to him officially.

The voter receives, further, an official envelope. Every envelope is of the same size, quality and color, and may not carry any distinguishing mark.

The voter himself places the ballot paper in the envelope. He does this in a booth so arranged that no one can see him and afterwards, in the presence of the election committee, puts the envelope into the urn. The lists of candidates of which he makes no use he places in a box specially provided for the purpose.

The voter may place in the urn the list of candidates of any party he likes.

* * *

At the conclusion of the polling the election committee of the constituency makes a first partial scrutiny, that is to say, counts the number of ballot papers given for each party. Even such lists of candidates on which the names of the candidates are struck out or altered are counted in favor of the party to which they belong, so that erasure, or striking out (even if all names be struck out) or alteration have no effect

whatsoever. This is the system of the "strictly binding lists," as it is called.

On the second day (the Tuesday) following the polls the election committee of the constituency meets and on the basis of reports from all the districts composing the constituency, carry out what is called the *first scrutiny*.

They ascertain the sum total of all valid votes given to the individual parties; this total is then divided by the number of seats allotted to the particular constituency; and the resultant figure (no regard being paid to remainders) is the "election number," that is, the number of votes necessary to secure the election of one member.

The total number of votes given for each party list is now divided by this "election number" and the committee allots to each party a number of seats equivalent to the number of times that the "election number" is contained in the sum total of votes obtained by the party.

The candidates belonging to the different parties are allotted the seats which fall to those parties, in the order in which their names appear on the lists of candidates. If a list of candidates printed as a ballot paper differs from the original list handed in to the election committee of the constituency, the contents and the order of the names of the original list have priority.

Seats not assigned at the first scrutiny are allotted eight days after the completion of the elections throughout the whole Republic, by a central election committee attached to the Ministry of the Interior. This is the *second scrutiny*.

Before the commencement of the second scrutiny

such members of the central election committee as are party agents present to the chairman of the committee the lists of candidates of their respective parties; these lists may contain the names of any number of candidates, yet only of those who have already sought election in some constituency and failed to be elected at the first scrutiny.

At the second scrutiny consideration is given only to the votes of parties which in at least one constituency obtained 20,000 votes (or the "election number," should this be less than 20,000) and which presented a list of candidates for the second scrutiny.

The committee counts the votes remaining over, obtained by the different parties together throughout the Republic, and ascertains the necessary quotient (the "election number"). This number is, in this case, the round sum irrespective of any remainder, which is arrived at by dividing the total of all votes remaining over from the first scrutiny by the number of seats to be filled, plus one.

The committee allots to each party a number of seats corresponding to the number of times that the "election number" is contained in the surplus of votes given to the party in all the constituencies taken together.

If at the second scrutiny all the seats are not allotted, the committee assigns one seat each to those parties which have the largest remainders of votes still left. This is known as the *third scrutiny*.

Here, too, the candidates of the various parties are taken in the order in which their names appear on the lists.

* * *

All the candidates who have failed to obtain election at the first, second or third scrutiny are "reserves."

That is to say, if a seat becomes vacant, no by-election takes place, but a "reserve" candidate of the same party as the late member automatically succeeds to his seat. The "reserve" man must have stood as a candidate for the same constituency in which the vacancy occurs and the order of the names on the list of candidates is followed. If no such candidate is available the "reserve" man is taken in the due order from the list of candidates presented for the second scrutiny.

ELECTIONS TO THE SENATE

(Act of Parliament of 29 February 1920. No. 134 in the Code of Laws and Regulations.)

All persons are entitled to vote whose names are duly entered on the standing list of voters, and who, at the date of the first publication of the same have attained the age of twenty-six years.

Eligibility for membership commences at the age of forty-five years.

There are thirteen constituencies, each of which, in general, is composed of two such constituencies as send members to the Chamber of Deputies. The smallest constituency sends up four members, the largest (that of Prague) twenty-three.

The franchise rules governing elections to the Chamber of Deputies apply also to the senatorial elections (see above).

If elections to the two chambers take place within four weeks of each other, no person may stand as candidate for both houses. The election of a candidate in defiance of this provision is invalid.

In cases other than that just mentioned, if a deputy be elected senator, or vice versa, a senator be elected

deputy, he shall take his seat in that chamber to which he was last elected.

THE STANDING LISTS OF VOTERS

(Act of Parliament of 19 December 1919. No. 663 in the Code of Laws and Regulations, supplemented by the Act of 23 January 1920. No. 44.)

Not only parliamentary elections but also all municipal and local elections take place on the basis of the standing lists of voters (for the Senate with the restriction of twenty-six years).

All citizens of the Czecho-Slovak Republic, irrespective of sex, who on the date of the publication of the lists have attained the age of twenty-one years and have resided in one polling district for the preceding three months and who have not been deprived of the franchise by a judgment of the courts or condemnation for some crime, have their names entered on the standing list of voters.

The lists are compiled and carefully kept up-to-date by a local election committee which is set up for every polling district and is composed of the burgo-master, or a deputy nominated by him, as chairman, together with four to eight assessors. These assessors (or deputy assessors if necessary) are appointed for a term of three years by the political Bureau of Control (a state office). In nominating the members of the committee (or their deputies should it be necessary to appoint such in the course of the three years) care is taken that as far as possible all political parties shall be equally represented and regard paid to nomination proposals emanating from the political parties themselves.

Communities with less than 5,000 inhabitants form a single electoral district and a separate list of voters

is drawn up for it. Houses are entered thereon according to the order in which they are numbered in the community, commencing at the lowest number, and then the occupants of each house in alphabetical order.

Communities with more than 5,000 inhabitants are divided by the above-mentioned committee into several electoral districts. Voters have to supply particulars of their surname, Christian name, the date of their birth and their occupation.

The burgomaster has to submit the lists to public scrutiny for a period of eight week days twice in the year commencing on the 15th of June and the 15th of December respectively.

Every person has the right to look through the list, and to make copies and extracts so long as he does not hinder others from exercising the same right.

In communities where the population exceeds 5,000 the lists, on the demand of any one citizen and at his cost, must be printed in good time and in sufficient numbers and issued not later than the first day of the term appointed for sending in claims and objections.

During the period in which the lists are on view objections may be presented in writing at the burgomaster's office. Persons unable to write may make their objections orally. If the objection concerns the inclusion of a name entered on the list, the objection must be at once communicated to the voter affected, who is allowed three days in which to file his answer at the burgomaster's office.

The ultimate decision with regard to objections lies with the revising committee attached to the Bureau of Control, the chairman of which is an official of that Bureau, while the members are eight to twelve assessors nominated by the chairman for three years

from the ranks of the various political parties. The revised lists are exposed to public scrutiny for eight days, at the end of January and at the end of July.

Against the decisions of the revising committee an appeal lies to the Electoral Court (see below). The judgment of this latter court, however, does not affect the matter at issue unless it be communicated to the burgomaster's office either officially or by the party affected, at least ten days before the election takes place.

Elections take place—on the basis of the revised lists published at the end of January—between February 1 and July 31; on the basis of the revised lists published at the end of July, between August 1 and January 31.

THE ELECTORAL COURT

(Act of Parliament of 29 February 1920. No. 125 in the Code of Laws and Regulations.)

The Electoral Court is composed of a president, twelve assessors and the requisite number of permanent officials.

The premier president for the time being of the Supreme Administrative Court acts as president. The permanent officials are appointed by the president and taken from the staff of the Supreme Administrative Court. The assessors are elected by the Chamber of Deputies (the original idea of allowing the Senate to elect a part of the assessors was abandoned, for the small number of the assessors made it impossible properly to apply the principle of proportional representation). All citizens of the Czecho-Slovak Republic who are versed in law, who have attained the age of forty years, who have been Czecho-Slovak citizens for at least ten years and have not lost their right to vote

are eligible for this post. Members of the Electoral Court may not become members of Parliament or members of any county council (council of a župy).

The Electoral Court is the exclusively competent authority:

1. To decide appeals against the decision of the revising committee in accordance with the law dealing with the standing list of voters;

2. To examine into and confirm the validity of elections of members of the National Assembly and county councils (councils of the župy);

3. To decide appeals respecting elections to the National Assembly, county councils and county commissions and committees;

4. To decide whether a member of the National Assembly or county council has forfeited his seat for

- (a) having lost the right to be elected;

- (b) having lost his membership of the party whose candidate he was, and that for some disreputable and dishonorable cause.

Appeals must be made in writing within fourteen days of the date on which the decision of the revising committee is made known to the appellant, or of the last date on which the revised list of voters was on view, or of the date of the official announcement of the final result of the election; the appeals must bear the signature of a lawyer.

Appeals are conducted under a system of procedure in which the parties participate by question and answer, and in general a full bench of the Electoral Court delivers judgment after the case has been conducted orally and in public. (Plaints, however, relative to the lists of candidates may be decided on the motion of the president of the Electoral Court.

by a commission consisting of the president, three assessors and a permanent official).

The Electoral Court in its finding states to what extent the election is annulled and, according to circumstances, designates the person who is elected in place of the member whose election has been declared invalid.

The presenting of complaints and documents relative thereto as well as all procedure is exempt from the payment of fees and stamps.

THE CONSTITUTIONAL COURT

(Act of Parliament of 9 March 1920. No. 162 in the Code of Laws and Regulations.)

Laws promulgated either by the National Assembly or by the Diet of Russia, which are in conflict with the Charter of the Constitution or with laws amending or supplementing it, are invalid. The decision as to whether a law is valid or not in this sense pertains exclusively to the Constitutional Court. Furthermore, this court is competent to decide whether measures adopted by the standing commission under Par. 54 of the Charter of the Constitution are in conflict with constitutional law (or whether or not they modify the competence of the civil service departments except where it is a matter of enlarging the competence of an office already set up, by imposing new duties upon it).

The Constitutional Court is composed of seven members, three of whom are nominated by the President of the Republic as follows: the Chamber of Deputies, the Senate, and the Diet of Russia each propose three of their members and the President of the Republic chooses one member from each group. The President

at the same time nominates one of the three members to be president of the Constitutional Court. Of the remaining four, two each are taken from the ranks of the judges of the Supreme Court of Justice and the Supreme Administrative Court.

For each member a substitute is nominated to sit when necessary and the procedure of nomination is the same as in the case of that of the original member.

The members of the Constitutional Court as well as the substitute members must be persons well versed in the law, eligible for membership of the Senate, and who are neither members of parliament nor civil servants.

The members of the Constitutional Court are nominated for a term of 10 years.

The question whether a particular law is in conflict with the Charter of the Constitution is decided by the Constitutional Court exclusively on the motion of the Supreme Court of Justice, or the Supreme Administrative Court, the Electoral Court, the Chamber of Deputies, the Senate or the Diet of Russia. A resolution to carry such a motion must be passed by a majority in the above-mentioned bodies in each case.

It must be made within three years at least of the date on which the law in question was promulgated.

Such an application is made under a system of procedure in which the parties participate by question and answer, and in the presence of the legislative assemblies and the government. Exact limits are fixed to the duration of the proceedings. They may not last longer than ten months. The proceedings are public and oral. Should any of the parties fail to send their representatives to the hearing, the proceeding shall not be thereby in any way prejudiced. Five votes

at least are always necessary for finding against the validity of a law.

The finding of the Constitutional Court is reported by the president of that court to the government. It is the duty of the Minister of the Interior to publish the finding within eight days and without comment in the official Code of Laws and Regulations. At the same time the finding is to be published in the official press with detailed grounds for the decision.

The publication of the finding in the official Code of Laws and Regulations has the effect of making it binding, from the date of its publication, upon the legislative bodies, the government, all public offices, and on the courts.

CONSTITUTIONAL LAWS

III

THE LAW OF FEBRUARY 29, 1920

WHEREBY THE CONSTITUTIONAL CHARTER OF THE
CZECHO-SLOVAK REPUBLIC IS INTRODUCED

WE, the Czecho-Slovak nation, desiring to consolidate the perfect unity of our people, to establish the reign of justice in the Republic, to assure the peaceful development of our native Czecho-Slovak land, to contribute to the common welfare of all citizens of this State and to secure the blessings of freedom to coming generations, have in our National Assembly this 29th day of February, 1920 adopted the following Constitution for the Czecho-Slovak Republic; and in doing so we declare that it will be our endeavor to see that this Constitution together with all the laws of our land be carried out in the spirit of our history as well as in the spirit of those modern principles embodied in the idea of self-determination, for we desire to take our place in the family of nations as a member at once cultured, peace-loving, democratic and progressive.

ARTICLE I

1. Enactments which are in conflict with the Constitutional Charter or with laws which may supplement or amend it are invalid.

2. The Constitutional Charter may be altered or amended only by laws specifically designated as Constitutional Laws.

ARTICLE II

A constitutional court shall decide as to whether the laws of the Czecho-Slovak Republic and of the Diet of Carpathian Ruthenia (Russia) conform with Article I.

ARTICLE III

1. The Constitutional Court shall consist of seven members, two of whom shall be appointed by the High Court of Administration and two by the High Court of Justice; the remaining two members and the chairman shall be nominated by the President of the Republic.

2. The appointment of representatives of the above-mentioned courts to the Constitutional Court, the tenure of office, the rules of procedure and the definition of its jurisdiction shall be established by a specific enactment.

ARTICLE IV

1. The present National Assembly shall sit until the convocation of Parliament (the Senate and the Chamber of Deputies).

2. Such laws as may have been enacted by the National Assembly but not made public in the official record by the day of the assembling of Parliament, shall not be promulgated if returned by the President of the Republic to the National Assembly.

3. Regulations of the Provisional Constitution, limiting the period of exercise of the rights of the President of the Republic (§ 11 of the Provisional

Constitution) and delimiting the duty of the Government to publish the law enacted shall remain valid as to laws enacted by the present National Assembly.

ARTICLE V

The present President shall remain in office until a new election takes place. The duties and obligations of the President, as defined in the Constitutional Charter, become effective simultaneously with the adoption of the Constitutional Charter.

ARTICLE VI

Until the election of the full number of members of Parliament, as required by the Constitutional Charter, the number of members actually elected shall determine the quorum necessary for the enactment of legislation.

ARTICLE VII

1. The provisions of Articles I, II, III (§ 1) and VI shall be an integral part of the Constitutional Charter, as set forth in § 33 of that Charter.

2. Provisions as to the execution of laws, as postulated in the Constitutional Charter, shall not form part of that Charter, as set forth in the preceding paragraph, unless the Charter provides otherwise.

ARTICLE VIII

1. The Constitutional Charter shall become valid on the day of its proclamation.

2. Paragraph 20 does not apply to members of the present National Assembly.

ARTICLE IX

On the day designated in Article VIII, § 1, all laws and regulations in conflict with the spirit of this Charter and the republican form of the State, as well as all previously enacted Constitutional Laws, shall become invalid, even if part of the latter are not opposed to the Constitutional Laws of the Czecho-Slovak Republic.

ARTICLE X

The foregoing nine articles shall become valid simultaneously with the Constitutional Charter. The execution of these enactments is hereby placed in the hands of the Government.

IV

THE CONSTITUTIONAL CHARTER OF THE
CZECHO-SLOVAK REPUBLIC

SECTION I

GENERAL PROVISIONS

§ 1

1. The people are the sole source of all State power in the Czecho-Slovak Republic.

2. This Constitutional Charter determines through what organs the sovereign people shall express their will in laws, provides for the execution of these laws, and guarantees to the people their rights and liberties. Such limitations are imposed upon these organs of Government, as shall preserve to the people all rights guaranteed by this Charter.

§ 2

The Czecho-Slovak State shall be a democratic Republic, the head of which shall be an elected President.

§ 3

1. The territories of the Czecho-Slovak Republic shall form a united and indivisible unit, the frontiers of which may be altered only by Constitutional Law.

2. The autonomous territory of Carpathian Rus-sinia, which shall receive the widest measure of self-

government compatible with the unity of the Czecho-Slovak Republic, shall be an integral part of this unit by the terms of its voluntary declaration as set forth in the Treaty between the Allied Powers and the Czecho-Slovak Republic of September 10th, 1919. Carpathian Russia shall have its own diet, which shall elect its presiding officer and other officials.

3. This diet shall legislate in linguistic, educational and religious matters, in matters of domestic administration and in such other matters as may be assigned to it by the laws of the Czecho-Slovak Republic. Laws enacted by this diet, and signed by the President of the Republic, shall be published in a separate series and shall be countersigned by the Governor of Russia.

4. Carpathian Russia shall be represented in Parliament by deputies and senators elected according to the general suffrage law of the Czecho-Slovak Republic.

5. The head of Russia shall be a governor, appointed by the President of the Czecho-Slovak Republic on the recommendation of the Government, and he shall be responsible also to the Diet of Russia.

6. Public officials in Russia shall be, in so far as possible, selected from the population of Russia.

7. Details as to the right of suffrage and eligibility to the diet shall be defined by special legislation.

8. The law enacted by the Parliament defining the frontiers of Carpathian Russia shall form part of the Constitutional Charter.

§ 4

1. Citizenship in the Czecho-Slovak Republic is single and uniform.

2. The law regulates the conditions governing the acquisition, the rights and duties, and the termination of citizenship in the Czecho-Slovak Republic.

3. A citizen or subject of a foreign State cannot at the same time be a citizen of the Czecho-Slovak Republic.

§ 5

1. The capital of the Republic is Prague.

2. The colors of the Republic are white, red and blue.

3. Official emblems and flags shall be determined upon by law.

SECTION II

LEGISLATIVE POWERS, CONSTITUTION AND COMPETENCY OF PARLIAMENT AND OF BOTH ITS CHAMBERS

§ 6

1. The legislative power of the whole Czecho-Slovak Republic shall rest in the hands of Parliament, which shall be composed of a Chamber of Deputies and a Senate.

2. The seat of both chambers shall be at Prague. In case of urgent necessity, Parliament may be temporarily summoned to some other locality in the Czecho-Slovak Republic.

§ 7

1. The legislative and administrative powers of the former diets is hereby abolished.

2. Unless they provide otherwise, enactments of Parliament shall be binding throughout the Czecho-Slovak Republic.

§ 8

The Chamber of Deputies shall be composed of 300 members, elected according to a general, equal, direct and secret suffrage, on a basis of proportional representation. Elections shall be held on Sundays.

§ 9

The right to vote for the Chamber of Deputies appertains to all citizens of the Czecho-Slovak Republic without distinction of sex, who are twenty-one years of age and who comply with the other provisions of the electoral regulations.

§ 10

All citizens of the Czecho-Slovak Republic without distinction of sex who are thirty years of age and who comply with the conditions of the suffrage law may be elected as deputies to the chamber.

§ 11

The term for which the Chamber of Deputies is elected shall be six years.

§ 12

Details as to the exercise of suffrage rights and the manner of carrying out elections are set forth in the provisions dealing with elections to the Chamber of Deputies.

§ 13

The Senate shall consist of 150 members elected according to general, equal, direct and secret suffrage on a basis of proportional representation. Elections shall be held on Sundays.

§ 14

The right to vote for the Senate appertains to all citizens of the Czecho-Slovak Republic without distinction of sex who are twenty-six years of age and who comply with the other provisions of the law concerning the Constitution and the rights and powers of the Senate.

§ 15

All citizens of the Czecho-Slovak Republic without distinction of sex who are forty-five years of age and who comply with the other conditions concerning the Constitution and the rights and powers of the Senate are eligible to the Senate.

§ 16

The term for which the Senate is elected shall be eight years.

§ 17

Specific provisions as to the exercise of the suffrage and the manner of elections are set forth in the law governing the Constitution and law of the Senate.

§ 18

No person may be at the same time a member of both chambers.

§ 19

1. An electoral court shall pass upon the validity of elections to Parliament.

2. Details shall be settled by law.

§ 20

1. If a civil servant become a member of Parliament, he shall be granted leave automatically pending his term in Parliament; he shall be entitled to his regular salary, but with no local allowances, and he shall retain from his official duties his right to seniority promotion. University professors are entitled to leave of absence; if they make use of this right, the same provisions apply to them as to other state servants.

2. All other public servants and officials shall have the right to obtain leave pending their term as members of Parliament.

3. Members of Parliament cannot enter the civil service until after the expiration of one year from the time they cease to be members.

4. This provision does not apply to ministers. The time limit in section 3 shall not affect deputies or senators who were civil servants before they became members of Parliament, provided that they return to the same department.

5. District governors cannot become members of Parliament.

6. Members of the Constitutional Court, commissioners of an electoral court and members of district assemblies cannot at the same time be members of Parliament.

§ 21

Members of both chambers can resign their mandates at any time.

§ 22

1. Members of Parliament shall execute their functions in person. They shall not receive orders from anybody.

2. They shall not address to public authorities requests in the personal interest of individuals, unless they do so in their professional capacity.

3. At their first sitting, members of Parliament shall take the following oath: "I pledge myself to be faithful to the Czecho-Slovak Republic, to uphold its laws and to carry out my mandate to the best of my knowledge and conscience." Refusal to take this oath or the making of any reservation thereto shall disqualify for membership in Parliament.

§ 23

Members of Parliament shall not be prosecuted for the exercise of their functions as members. For statements made in the chamber, members shall be amenable only to the disciplinary statutes of the chamber.

§ 24

1. Only with the consent of the respective chambers shall members of Parliament become liable to civil or criminal prosecution. If this consent be not granted, such prosecution shall become permanently null and void.

2. This provision does not apply to the legal liability of a member as responsible editor.*

§ 25

If a member of either chamber be apprehended and arrested in the commission of a criminal act, the court or other authority having jurisdiction shall inform the chairman of the respective chamber of the arrest. If the chamber or the committee defined under paragraph 54 does not within a fortnight give

* In reference to libel and incitement to crime.

its consent to the arrest, it becomes null and void forthwith. If the committee does consent to the arrest, the chamber must give its decision within 14 days after its first sitting.

§ 26

Members of both chambers shall have the right to refuse to give testimony in reference to matters confided to them as members of the chamber, even after they cease to be members. In the trial of a case of attempting to corrupt a member, testimony cannot be refused.

§ 27

Members of both chambers shall have a right to remuneration as specified by law.

§ 28

1. The President of the Republic shall summon both chambers twice a year for a spring and an autumn session, the former to begin in March, the latter in October.

2. Furthermore, he may summon Parliament for extraordinary sessions whenever he may deem it necessary. If at least one-half of the members of either chamber applies to the Prime Minister stating the object for summoning it, the President shall summon the Assembly within a fortnight from the date of such application; should he fail to do so, the chairmen of both chambers shall convoke Parliament within the following fortnight.

3. If four months shall have elapsed from the last ordinary session, the President is obliged to summon Parliament, if at least two-fifths of either chamber so desire, within a fortnight from the date of their

application. Should he fail to do so, the chairmen of both chambers shall, within the following fortnight, convoke Parliament.

§ 29

The session of both chambers shall begin and end simultaneously.

§ 30

1. The President of the Republic shall declare the session of Parliament at an end.

2. He may prorogue Parliament for not longer than a month, and not more frequently than once a year.

§ 31

1. The President shall have the right to dissolve Parliament.

2. He shall not be allowed the exercise of this right during the last six months of his term of office. After the expiration of the electoral term, or after the dissolution of either chamber, new elections shall take place within sixty days.

3. The dissolution of the Senate shall not stay criminal proceedings inaugurated before the Senate in accordance with §§ 67 and 79.

§ 32

Either chamber may function, unless otherwise provided in this law, if at least two-thirds of the members are present. Its decisions are valid should a majority of one-half of those present be obtained.

§ 33

The decision as to a declaration of war or as to the amendment of this Charter shall require a three-fifths majority of all the members of each chamber.

§ 34

1. The decision of the Chamber of Deputies for the impeachment of the President of the Republic, the Prime Minister, or other members of the Government, shall require a two-thirds majority with two-thirds of the members present.

2. The procedure before the Senate sitting as a court of prosecution shall be regulated by law.

§ 35

Each chamber shall elect its own chairman and other officers.

§ 36

The sittings of both chambers shall be public. Sittings *in camera* may be held only where the rules of procedure so provide.

§ 37

1. The basic principles of the relations between both chambers and between the Government and Parliament and between the public and Parliament shall be regulated by specific law, which shall conform to the Constitutional Charter. The internal order of each chamber shall be regulated by its own rules of procedure.

2. So long as the Chamber of Deputies and the Senate do not create a new body of rules, the rules of procedure of the present National Assembly shall be binding upon them.

§ 38

1. Whenever both chambers meet in joint session as the National Assembly (§§ 56, 59, 61, 65), this body shall be governed by the rules of procedure of the Chamber of Deputies.

2. Such a joint session shall be summoned by the Prime Minister, and its presiding officer shall be the chairman of the Chamber of Deputies.

3. The chairman of the Senate shall act as vice-chairman of the National Assembly.

§ 39

The ministers shall have the right to participate at any time in the meetings of either chamber or of committees. They shall be allowed to speak whenever they demand to be heard.

§ 40

1. At the request of either chamber or of a committee a minister shall appear before that body.

2. Otherwise he may be represented by an official of his department authorized by him.

§ 41

1. Proposals for legislation may originate either with the Government or in either chamber.

2. Every proposal made by members of either chamber shall be accompanied by an estimate of the financial issue involved and by a proposal for the defraying of the necessary cost.

3. Proposals of the Government for budget and army bills must first be presented to the Chamber of Deputies.

§ 42

A Constitutional Law shall be valid only with the consent of both chambers. This applies also to other laws, unless otherwise provided by §§ 43, 44 and 48.

§ 43

1. The Senate shall act on a bill proposed and passed by the Chamber of Deputies within six weeks, and on the Budget and Army Bills within one month. The Chamber of Deputies shall act on a bill proposed and passed by the Senate within three months.

2. These periods are counted from the day of presentation of printed bills by one chamber to the other, and may be altered by mutual consent; the Senate must act in all cases of budget and army bills within one month as set forth in the preceding paragraph.

3. If during such a period, the term of the chamber which is to take action on the bill of the other expires, or if the chamber be prorogued or dissolved, the date is reckoned from the first day of its next sitting.

4. If either chamber does not give its decision within the period specified, it is presumed that it gives its assent to the decision of the first chamber.

§ 44

1. A measure passed by the Chamber of Deputies shall become law, despite an adverse decision of the Senate, if the Chamber of Deputies declares by a majority of 50 per cent. of all its members that it adheres to its first decision. Should the Senate reject a draft bill passed by the Chamber of Deputies by a majority of all its members, the bill becomes law provided that the Chamber of Deputies re-enacts its decision by a three-fifths majority of all its members.

2. Proposals of the Senate shall be referred to the Chamber of Deputies; should the Chamber of Deputies reject a proposal of the Senate and if the latter

re-enacts its bill by a 50 per cent. majority of all its members, the bill shall be referred back to the Chamber of Deputies. Should the Chamber of Deputies reject the bill for the second time by a majority of 50 per cent. of all its members, the bill shall not become law.

3. Bills so rejected may not be presented to either chamber until after the lapse of one year.

4. Should either chamber amend a bill originating in the other chamber, its action shall be deemed a rejection of the bill.

§ 45

Should either chamber have under consideration a bill already passed by it or a bill passed by the other chamber (§ 44, section 2), and should it be dissolved or its term of office expire before action has been taken, its new decision shall be considered its second action in accordance with § 44.

§ 46

1. Should Parliament reject a bill presented by the Government, the latter can proclaim a referendum, but this action on the part of the Government must be unanimous.

2. All citizens qualified to vote for the Chamber of Deputies shall be qualified to vote at the referendum.

3. The method of referendum shall be determined by law.

4. Referendum is inadmissible in respect of such Government bills as amend the Constitution. (Article 1, Introductory Law.)

§ 47

The President of the Republic shall have the right to return with comments any bill passed by Parlia-

ment within a month of its presentation to the Government.

§ 48

1. Should both chambers, by ballot, taken on roll call, affirm the returned bill by a majority of 50 per cent. of all their members, the bill shall become law.

2. Should the bill not receive a majority of votes in both chambers, the bill becomes law, provided that the Chamber of Deputies in the new ballot, taken by roll call, passes it by a three-fifths majority of all its members.

3. Should it be a bill for the adoption of which the presence of a larger number of members and a larger majority is required, it is necessary that such presence and majority be obtained for the adoption of the returned bill.

4. Provisions under § 45 apply accordingly.

§ 49

1. For a bill to become valid as law, it must be made public as specified by statute.

2. For the proclamation of all laws the following preamble must be prefaced: "The Parliament of the Czecho-Slovak Republic has resolved upon the following law."

3. The law shall be published within eight week days from the expiration of the period laid down in § 47. Should the President make use of his right referred to in § 47, the law shall be issued within eight week days of the announcement of its re-enactment by Parliament to the Government (§ 48).

§ 50

In every law it shall be specified to which member of the Government its execution is entrusted.

§ 51

1. The law shall be signed by the President of the Republic, the Prime Minister and the minister entrusted with its execution. If the President be incapacitated or ill, and there is no Vice-president, the Prime Minister may sign on behalf of the President.

2. The Prime Minister may be represented for the purposes of signing laws as specified by § 71.

§ 52

1. Each chamber shall have the right to put questions to the Prime Minister and other members of the Government on matters within the scope of their competence, to enquire into administration, to elect committees to whom the ministers shall provide information, and to adopt proclamations and resolutions.

2. The Prime Minister and the members of the Government shall answer questions put to them.

§ 53

The exercise of control of the financial administration and of the State debt shall be regulated by law.

§ 54

1. During the period elapsing between the dissolution of either chamber and its reassemblage or between the expiration of its term of office and its convocation and during the period of adjournment, there shall sit a committee of twenty-four members.

Sixteen members of this committee with an equal number of alternates shall be chosen by the Chamber of Deputies from its members and eight members, with an equal number of alternates, shall be chosen by the Senate from its members. Each alternate shall represent only the member of the committee, as the alternate to whom he has been chosen. This committee shall act on all matters of immediate urgency, even if in ordinary circumstances they should require the enactments of legislation and shall exercise control of all government and executive powers. The term of office of the committee is one year.

2. The first election shall take place immediately after both chambers organize. Presiding officers of both chambers shall vote. When a chamber shall meet after election, the members of the committee of twenty-four shall be elected by the newly organized chamber even if the term of office of preceding members of the committee of twenty-four has not expired.

3. Elections shall be based on the principle of proportional representation. Party coalition is admissible. Should all parties agree on the choice of candidates, the committee shall be elected by the vote of the chamber. Should more than twenty deputies and ten senators oppose such election, it shall be carried out as first provided.

4. Members of the committee shall remain in office until a new committee is elected. Alternates take the place of members unable temporarily or permanently to carry out their duties. Should a member or alternate be incapacitated for service, while Parliament is in session, by-elections to fill his post for the balance of the term of the committee shall be held. The new member must belong to the

same political group as the old member, unless that group decides not to present a candidate or to refrain from voting.

5. A member of the Government shall not be a member or alternate of the committee of twenty-four.

6. When the committee has been elected, it shall elect its chairman and second vice-chairman from among the members elected by the Chamber of Deputies and a first vice-chairman from among the members elected by the Senate.

7. The members of the committee shall be subject to the provisions in §§ 23 to 27 of the Constitutional Charter.

8. The committee shall be competent in all matters falling within the legislative and administrative powers of Parliament excepting:

- (a) The election of the President or the Vice-president of the Republic.
- (b) The amendment of the Constitutional Charter (see Article 1 of the Introductory Law) and the changing of the competence of public officials, unless it be a question of widening the scope of their activities by new duties.
- (c) Burdening the citizens in the State with permanent financial obligations, increasing the military duties of the citizens or disposing of State property.
- (d) Giving consent to a declaration of war.

9. Provisions which under ordinary circumstances would require the enactment of legislation or expenditures apart from the budget require the assent of half of all the members.

10. In all other cases the presence of half of the members shall be sufficient and a 50 per cent. majority

of those present shall be decisive. The chairman shall vote only to cast the decisive vote.

11. Urgent provisions which under ordinary circumstances could be promulgated only by enactments of legislation are admissible only on the recommendation of the Government approved by the President of the Republic.

12. Provisions of the committee referred to in the last article shall have the provisional validity of law only if published in the official record with reference to § 54 of the Constitutional Charter and if signed by the President of the Republic, by the Prime Minister or his deputy and half of the members of the Government. Provisions to which the President has refused to assent cannot be entered on record.

13. The Constitutional Court shall have jurisdiction over such provisions of this committee that under ordinary circumstances would require the enactment of legislation and therefore all such provisions shall be laid before it by the Government simultaneously with their publication in the record.

14. The chairman and the vice-chairman of the committee shall report at the next meeting of the Chamber of Deputies and of the Senate the activities of the committee, even if meanwhile their terms of office as members of Parliament shall have expired.

15. Provisions not approved by both chambers within two months after their first session shall lose their validity.

SECTION III

GOVERNMENTAL AND EXECUTIVE POWERS

§ 55

Decree shall be issued only for the execution and within the limitations of each specific law.

*President of the Republic***I****§ 56**

1. The President of the Republic shall be elected by the National Assembly (§ 38).

2. Any citizen of the Czecho-Slovak Republic, eligible to the Chamber of Deputies and not less than thirty-five years of age, may be elected President of the Republic (§ 67).

§ 57

1. The election shall be valid only if half of all members of both chambers shall be present and if a majority of three-fifths of those present shall be obtained.

2. Should two ballots produce no results, a third ballot shall be cast to decide between those two candidates who at the previous balloting obtained the greatest number of votes. The candidate who obtains the largest number of votes shall be elected. In the case of a tie, the decision shall be made by lot.

3. Details shall be determined by law.

§ 58

1. The period of office shall be counted from the day when the new President takes his oath according to § 65.

2. The term of office shall be seven years.

3. Elections shall be held during the last four weeks prior to the expiration of the President's term of office.

4. No one shall be elected more than twice in succession. He who has been elected President twice in succession cannot again be elected until the expira-

tion of seven years from his last term of office. This provision, however, does not apply to the first President of the Czecho-Slovak Republic.

5. The President remains in office until his successor shall be elected.

§ 59

Should the President die or resign his position during his term of office, a new election shall be held according to §§ 56 and 57. The President so elected shall serve seven years. The National Assembly shall be convened for this purpose within fourteen days (§ 38).

§ 60

Until a new President is elected (§ 59), or should the President be unable to execute the duties of his office, the execution of his functions shall appertain to the Government, which may invest the Prime Minister with the specific functions.

§ 61

1. Should the President be unable to execute the duties of his office for more than six months (§ 60), and should the Government in the presence of three-quarters of its members so decide, the National Assembly (§ 38) shall elect a Vice-president who shall remain in office until the President shall be able to resume his functions.

2. Disqualifications for presidential office (§ 58) shall apply to the office of Vice-president.

§ 62

The same provisions as to the election of the President shall apply to the election of the Vice-president.

§ 63

1. The President of the Republic shall not be at the same time a member of Parliament. Should a member be elected Vice-president, he shall not during his service as Vice-president fulfil his mandate as member of Parliament.

2. The President's official residence shall be in Prague.

II

§ 64

1. The rights and duties of the President of the Republic are as follows:

- (a) He shall represent the State in its relations with other States, shall negotiate and ratify international treaties. Commercial treaties, and treaties which for the State or its citizens entail financial or personal burdens, especially military burdens, as well as treaties affecting the territories of the State require the affirmation of Parliament. The affirmation of Parliament takes the form of a Constitutional Law (Article 1 of the Introductory Law);
- (b) He shall receive and appoint diplomatic representatives;
- (c) He shall declare the existence of a state of war, shall declare war with the previous consent of Parliament and shall lay before Parliament for approval peace treaties which have been concluded;
- (d) He shall convoke, prorogue and dissolve Parliament (§§ 28–31) and shall proclaim its sessions at an end;

- (e) He shall have the right to return with comment any law enacted by Parliament (§ 47). He shall sign all laws enacted by Parliament (§ 51), all laws enacted by the Diet of Carpathenian Ruthenia (§ 3) and the ordinances of the committee of twenty-four (§ 54);
- (f) He shall report verbally or in writing to the National Assembly on the state of the Republic, and shall recommend for consideration measures which he deems necessary and useful;
- (g) He shall appoint and dismiss Cabinet ministers and define their number;
- (h) He shall nominate university professors, judges, all state officials and army officers of the sixth class upward;
- (i) He shall grant donations and pensions in special cases on the recommendation of the Government;
- (j) He shall be commander-in-chief of the armed forces of the Republic;
- (k) He shall grant pardon as per § 103.

2. All governmental and executive power, in so far as it does not or shall not explicitly appertain to the President according to the Constitutional Charter and the laws adopted after November 15th, 1918, shall be reserved to the Government (§ 70).

III

§ 65

The President of the Republic shall take an oath before the National Assembly (§ 38) on his honor and conscience to look to the welfare of the Republic and its people, and to abide by the Constitution and laws.

§ 66

The President of the Republic shall not be answerable at law in the exercise of his functions. The Government shall be answerable for all the President's official utterances.

§ 67

1. He may be prosecuted only for high treason before the Senate upon an indictment found against him by the Chamber of Deputies (§ 34). The only punishment shall be the loss of his office and permanent disqualification for the presidency.

2. Details shall be determined by law.

§ 68

Every governmental or executive act of the President shall also bear the signature of the member of the Government responsible for its execution.

§ 69

The same provisions shall apply to the Vice-president that apply to the President of the Republic.

THE GOVERNMENT

§ 70

1. The Prime Minister and other ministers of the Government shall be appointed and dismissed by the President of the Republic.

2. The official seat of the Government shall be in Prague (§ 6, No. 2).

§ 71

The Government shall choose from among the members a deputy Prime Minister. Should this

deputy fail to attend, he shall be represented by the oldest member of the Government.

§ 72

The President of the Republic shall determine as to which member of the Government shall direct each department.

§ 73

The members of the Government shall take an oath before the President on their honor and conscience that they will conscientiously and impartially perform their duties and abide by the Constitution and other laws of the Republic.

§ 74

No member of the Government shall be a member of the board of directors or controllers or a representative of any limited liability company, carrying on a business for profit.

§ 75

The Government shall be responsible to the Chamber of Deputies, which may vote its lack of confidence in the Government. Such a vote shall be valid if more than half of all the members are present, if a 50 per cent. majority be obtained, and if the vote be taken by roll call.

§ 76

Every motion for a vote of lack of confidence shall be signed by not less than a hundred deputies and shall be referred to a committee which must report thereon within eight days.

§ 77

The Government may bring forward before the

Chamber of Deputies a proposal for a vote of confidence. Such proposal shall be acted upon without being referred to a committee.

§ 78

1. Should the Chamber of Deputies vote lack of confidence in the Government or should it reject the Government's proposal for a vote of confidence, the Government shall resign to the President. The President shall then determine who shall direct Government affairs until a new Government be formed.

2. Should the Government resign at a time when there is no President or Vice-president, the decision as to the resignation and as to the direction of Government affairs shall be referred to the committee defined under § 54.

§ 79

1. Should the Prime Minister or any other member of the Government either consciously or from gross neglect violate the Constitution or other laws while acting in his official capacity, he shall be responsible at law.

2. The right of prosecution shall be reserved to the Chamber of Deputies (§ 34). The trial shall be conducted by the Senate.

3. Details shall be determined by law.

§ 80

The Government shall be competent to act as a body if in addition to the Prime Minister or his deputy more than half the Ministers be present.

§ 81

The Government shall decide in session:

(a) Government draft bills for Parliament, Gov-

ernment decrees (§ 84), as well as any proposals that the President exercise his right defined under § 47;

- (b) All matters of a political nature;
- (c) Appointments of judges, state officials and army officers of the eighth class and higher grades, so far as such appointments shall fall under the jurisdiction of the central authorities; as well as proposals for appointments of officials nominated by the President of the Republic (§ 64, No. 8).

§ 82

The President of the Republic shall have the right to be present at and to preside over meetings of the Government and to demand from the Government or its individual members written reports on any matter in their jurisdiction.

§ 83

The President of the Republic shall have the right to call the Government or its members to conference.

§ 84

Every Government decree shall be signed by the Prime Minister or his deputy and the minister invested with its execution. It must be signed by at least half of the members of the Government.

MINISTRIES AND SUBORDINATE ADMINISTRATIVE OFFICES

§ 85

The competence of ministries shall be determined by law.

§ 86

In subordinate administrative offices the citizens must so far as possible be represented and the widest protection of the rights and interests of the citizens shall be assured.

§ 87

1. No one may hold at the same time an elective subordinate office and an office which has jurisdiction over the former.

2. Exceptions to this rule shall be determined by law.

§ 88

1. A court composed of independent judges, having jurisdiction throughout the Republic, shall hear final appeals for protection against administrative rulings.

2. Details shall be determined by law.

§ 89

The lower offices of state administration shall be defined in principle by law, the detail execution of which may be regulated by decrees in council.

§ 90

State offices charged with financial functions but without executive power shall be established and organized by government decrees.

§ 91

The constitution and competence of local autonomous governing bodies shall be determined by special laws.

§ 92

Special laws shall provide for the guarantee by the State against damages caused by unlawful execution of public offices.

§ 93

State officials in their official functions shall abide by the Constitution and other laws. The same shall apply to non-official members of administrative bodies.

SECTION IV

JUDICIAL POWERS

§ 94

1. The law shall be administered by public law courts whose organization, jurisdiction and procedure shall be regulated by law.

2. No one shall be tried other than before his legal judge.

3. Only in cases of criminal procedure may courts be established for a limited period in cases specified in advance by law.

§ 95

1. Jurisdiction in civil matters shall be reserved to civil courts, either ordinary or extraordinary, and courts of arbitration; jurisdiction in criminal matters shall be reserved to public criminal courts, so far as it shall not be reserved by special law for courts martial or so far as these matters cannot be dealt with according to general regulations in police or financial prosecutions.

2. A single Supreme Court of Justice shall be established for the whole Czecho-Slovak Republic.

3. The competence and functions of juries shall be determined by special laws.

4. Trial by jury may be temporarily suspended in cases provided for by law.

5. The jurisdiction of courts martial may be extended to the civil population according to legal regulations in times of war only and for acts committed at such times only.

§ 96

1. Judicial power in all courts shall be separated from administrative power.

2. Solution of disputes as to competence between courts and administrative authorities shall be determined by law.

§ 97

1. Conditions as to the qualification of judges shall be determined by law.

2. The conditions of service of the judges shall be determined by law.

§ 98

1. All judges shall be independent in the exercise of their conscience and they shall be bound only by law.

2. When taking the oath of office judges shall pledge themselves to abide by the law.

§ 99

1. Judges shall be appointed permanently; they may be transferred, dismissed or pensioned against their will, only if a new juridical organization be set up for a time specified by law or on the grounds of lawful disciplinary proceedings; they may be also pensioned after a valid finding when they have at-

tained the age stated by law. Details shall be determined by a special law which shall also define the conditions under which judges may be suspended.

2. Senates at law courts of the first and second instance shall be permanent for one year except where specified by law.

§ 100

Judges shall not perform other paid functions permanent or temporary, except where permitted by law.

§ 101

1. Verdicts shall be given in the name of the Republic.

2. Proceedings before law courts shall be verbal and public. Verdicts in criminal matters shall always be proclaimed in public. The public may be excluded during the proceedings only under circumstances defined by law.

3. In criminal proceedings the principle of prosecution shall be adopted.

§ 102

The judges shall have the right, in determining a point of law, to enquire into validity of a governmental decree; in the case of a law they can only enquire as to whether it was properly promulgated (§ 51).

§ 103

1. The President of the Republic shall have the right to grant an amnesty or pardons, to mitigate a sentence and the legal consequences of verdicts of criminal courts, especially the loss of the suffrage right to the National Assembly and other represen-

tative bodies; he shall also have the right to order the abolition or the suspension of criminal legal proceedings with the exception of such proceedings in which the action is brought by private individuals.

2. These rights shall not be exercised by the President in the case of members of the Government accused or sentenced according to § 79.

§ 104

A special law shall define the responsibility of the State and judges for any damages caused by the latters' breach of right in performing their duties.

§ 105

1. In cases of private property claims coming for adjudication before an administrative authority in which the plaintiff is dissatisfied with the decision of the latter, he may, after exhausting corrective efforts, appeal to the courts.

2. Details shall be determined by law.

SECTION V

RIGHTS, LIBERTIES AND DUTIES OF THE CITIZEN.

EQUALITY

§ 106

1. Privileges due to sex, birth or occupation shall not be recognized.

2. All persons residing in the Czecho-Slovak Republic shall enjoy within its territory in equal measure with the citizens of this Republic complete and absolute security of life and liberty without regard to

origin, nationality, language, race or religion. Exceptions to this principle may be made only so far as is compatible with international law.

3. Only such titles may be conferred as designate official rank or a profession. This enactment in no way affects academic honors.

PERSONAL FREEDOM AND FREEDOM OF PROPERTY

§ 107

1. Personal freedom shall be guaranteed. Details shall be laid down by an enactment which shall form part of this Constitutional Charter.

2. No person shall be deprived of personal liberty or restricted in the enjoyment of the same except upon legal grounds. Public authorities can demand personal services from a citizen only on legal grounds.

§ 108

1. Every citizen of the Czecho-Slovak State may take up his abode wheresoever he will in the Czecho-Slovak Republic, may acquire there real property and carry on any calling for the purpose of earning profits within the limits of the law.

2. This right shall only suffer restriction in the public interests and on the basis of law.

§ 109

1. Private ownership may be restricted only by law.

2. Expropriation is possible only on the basis of law. Compensation shall be given in all cases unless it is or shall be provided by law that no compensation be given.

§ 110

The right to emigrate abroad may be restricted only by law.

§ 111

1. Taxation and public levies generally may be imposed only by law.

2. Likewise only by law may fines and punishments be prescribed and imposed.

DOMESTIC LIBERTY

§ 112

1. Domestic rights are inviolable.

2. Details shall be laid down by a law which shall form part of this Constitutional Charter.

FREEDOM OF THE PRESS, THE RIGHT OF FREE
ASSEMBLY AND ASSOCIATION

§ 113

1. Freedom of the press as well as the right to assemble peaceably and without arms and to form associations is guaranteed. It is therefore in principle inadmissible to place the press under preliminary* censorship. The manner in which the right of forming associations and the right of free assembly shall be exercised shall be determined by law.

2. An association may be dissolved only when its conduct violates the law of the land or disturbs public peace and order.

*Under the Austrian régime publications were submitted to the censor before being issued.

3. Restrictions may be imposed by law especially in cases of assembly in places which serve as public thoroughfares, in cases of the establishment of associations for the purpose of profit, and in cases of the participation of foreigners in political associations. The law shall also state what restrictions shall be placed on the principles of the foregoing paragraphs in time of war or in case of events taking place within the State seriously threatening the republican form of government, the Constitution or public peace and order.

§ 114

1. The right of association to safeguard and ameliorate conditions of employment and economic conditions shall be guaranteed.

2. All acts of individuals or societies which constitute an intentional violation of this right are prohibited.

THE RIGHT OF PETITION

§ 115

The right to petition shall be enjoyed by every person. Legal persons and corporations shall enjoy this right only within the bounds of their competence.

POSTAL INVIOABILITY

§ 116

1. Inviolability of matter entrusted to the mail is guaranteed.

2. Details shall be determined by enactment.

LIBERTY OF INSTRUCTION AND OF CONSCIENCE
LIBERTY OF EXPRESSING OPINION

§ 117

1. Every person may within the limits of the law express his or her opinion by word, in writing, in print, by picture, etc.

2. The same applies to legal persons within the limits of their competence.

3. No one shall suffer in the sphere of his work or employment for exercising this right.

§ 118

Scientific research and the publication of its results, as well as art, is free so far as it does not violate the penal code.

§ 119

Public instruction shall be given so as not to be in conflict with the results of scientific investigation.

§ 120

1. Private establishments for instruction and education are permitted to be set up only within the limits of the law.

2. The supreme authority and control over all instruction and education shall be in the hands of the State.

§ 121

Liberty of conscience and religious creed is guaranteed.

§ 122

All inhabitants of the Czecho-Slovak Republic enjoy in the same degree as the citizens of the Republic the

right to profess and exercise publicly and privately any creed, religion or faith whatsoever, so far as the exercise of the same is not in conflict with public law and order or with morality.

§ 123

No one shall be compelled either directly or indirectly to take part in any religious rite or ceremony whatsoever, rights pertaining to paternal or guardian authority being nevertheless respected.

§ 124

All religious confessions shall be equal before the law.

§ 125

The performance of specific religious rites may be prohibited if they are in conflict with public order or public morals.

MARRIAGE AND FAMILY

§ 126

Wedlock, family and motherhood shall be under the special protection of the law.

MILITARY SERVICE

§ 127

1. Every able-bodied citizen of the Czecho-Slovak Republic shall undergo military training and shall obey the summons when called upon for the defence of the State.

2. Details shall be settled by enactment.

SECTION VI

PROTECTION OF NATIONAL, RELIGIOUS AND
RACIAL MINORITIES

§ 128

1. All citizens of the Czecho-Slovak Republic shall be in all respects equal before the law and shall enjoy equal civic and political rights whatever be their race, their language or their religion.

2. Difference in religion, belief, confession or language shall within the limits of the common law constitute no obstacle to any citizen of the Czecho-Slovak Republic, particularly in regard to entry into the public services and offices, of attainment to any promotion or dignity, or in regard to the exercise of any trade or calling.

3. Citizens of the Czecho-Slovak Republic may, within the limits of the common law, freely use any language they choose in private and business intercourse, in all matters pertaining to religion, in the press and in all publications whatsoever, or in public assemblies.

4. This, however, does not affect the rights conferred on the state organs in these matters by laws already in force or to be passed in the future with a view to public order, the security of the State or effective control.

§ 129

The principles on which the rights as to language in the Czecho-Slovak Republic are based shall be determined by a special enactment which shall form part of this Constitutional Charter.

§ 130

In so far as citizens of the Czecho-Slovak Republic are entitled by the common law to establish, manage and administer at their own cost philanthropic, religious, or social institutions, they are all equal, no matter what be their nationality, language, religion or race and may, in such institutions, make use of their own language and worship according to their own religious ceremonies.

§ 131

In towns and districts in which there lives a considerable fraction of Czecho-Slovak citizens speaking a language other than Czecho-Slovak, the children of such Czecho-Slovak citizens shall, in public instruction and within the bounds of the general regulations relating thereto, be guaranteed a due opportunity to receive instruction in their own tongue. The Czecho-Slovak language at the same time may be prescribed as a compulsory subject of instruction.

§ 132

In towns and districts where there is living a considerable fraction of Czecho-Slovak citizens belonging to some minority, whether in respect of religion, or nationality, or language, and where specific sums of money from public funds are set out in the state budget or in the budget of local or other public authorities to be devoted to education, religion, or philanthropy, a due share in the use and enjoyment of such sums shall be secured to such minorities within the limits of the general regulations for public administration.

§ 133

The method of carrying out the principles embodied in §§ 131 and 132 and especially the interpretation to be assigned to the expression "considerable fraction" shall be determined by special enactment.

§ 134

Every manner whatsoever of forcible denationalization is prohibited. Non-observance of this principle may be proclaimed by law to be a punishable act.

Follow the signatures:

T. G. MASARYK TUSAR STANĚK HOUDEK

V

AN ACT

DATED THE 29TH OF FEBRUARY 1920
IN PURSUANCE OF § 129 OF THE CONSTITU-
TIONAL CHARTER ESTABLISHING THE
PRINCIPLES OF LANGUAGE RIGHTS
WITHIN THE CZECHO-SLOVAK REPUBLIC

§ 1

The Czecho-Slovak language shall be the state, official language of the Republic (Article 7 of the Treaty made between the leading Allied and Associated Powers and the Czecho-Slovak Republic and signed at St. Germain-en-Laye on the 10th September 1919).

It is thus in particular the language:

1. In which the work of all the courts, offices, institutions, undertakings and organs of the Republic shall be conducted, in which they shall issue their proclamations and notices as well as their inscriptions and designations. (Exceptions to this section are laid down in § 2 and § 5 as well as in § 6 relating to Russia.)

2. In which the principal text on state and other banknotes shall be printed.

3. Which the armed forces of the country shall use for the purpose of command and as the language of the service; in dealings with men and companies not

knowing this language their mother tongue may also be used.

Detailed regulations will be issued as to the duty of state officials and employees, as well as of officials and employees of state institutions and undertakings to know the Czecho-Slovak language.

§ 2

In respect of national and language minorities (Chapter 1, Treaty of St. Germain) the following rules shall apply:

It shall be the duty of courts, offices and organs of the Republic whose competence relates to a jurisdictional district in which according to the latest census at least 20 per cent of the citizens speak the same language—and that a language other than Czecho-Slovak—to accept (in all matters which they have to settle on the ground of their competence applying to such a district) from any member of this minority any complaints in this language and to deal with complaints not only in the Czecho-Slovak language but also in that in which the complaint itself is presented. Where there are several district courts in one community that whole community shall be deemed to be a single jurisdictional district.

It shall be laid down by regulation to what extent and for what courts and offices it will be possible to restrict the settlement of cases to the language of the parties themselves. These courts and offices are those whose competence is limited to one district, namely a district with such a national minority, as well as courts and offices immediately subordinate to them.

Under similar conditions it is the duty of the public prosecutor to frame the charges against an accused

speaking another tongue in this language too, or even in this language alone.

The executive authority shall determine in such cases what language shall be used.

If the party to any matter is not the initiator of the proceedings, he shall (if the other conditions of § 2 are fulfilled) be entitled on the same principles to have his case dealt with also in his own language, or even in it alone so far as it is known, or otherwise at his request.

In districts where there lives a national minority in the terms of § 2 the language of the national minority shall be used concurrently with the Czecho-Slovak language in proclamations and notices issued by the state courts, offices and organs and for their inscriptions and designations.

§ 3

It is the duty of autonomous offices, representative councils and all public corporations in the state whatsoever to accept and to deal with oral or written matter in the Czecho-Slovak language.

It shall always be possible to make use of this language in meetings and conferences; proposals and suggestions put forward in this language must be dealt with.

The state executive authority shall determine upon the language to be used for public proclamations and notices and for the inscriptions and designations for which the autonomous offices are responsible.

It is the duty of the autonomous offices, representative councils and public corporations to accept—under the conditions of § 2—all matters presented to them in a language other than Czecho-Slovak and to

deal with the same, and also to permit the use of another language in meetings and conferences.

§ 4

The state offices, using the state, official language, shall, in their official proceedings in those parts of the Republic which before the 28th of October 1918 pertained to the kingdoms and lands represented in the Imperial (Austro-Hungarian) Council or to the Kingdom of Prussia, use regularly the Czech language, in Slovakia regularly the Slovak language.

Matters presented in the Czech language and officially dealt with in Slovak or presented in Slovak and dealt with in Czech shall be deemed to have been dealt with in the language in which they were presented.

§ 5

The instruction in all schools established for members of a national minority shall be given in their language. Likewise educational and cultural institutions set up for them shall be administered in their language. (Article 9, Treaty of St. Germain.)

§ 6

The Diet which shall be set up for Russinia shall have the right reserved to it of settling the language question for this territory in a manner consonant with the unity of the Czecho-Slovak State. (Article 10, Treaty of St. Germain.)

Until this settlement has been made this law shall apply, due regard, however, being paid to the special circumstances of that territory in respect of language.

§ 7

Disputes regarding the use of a language in the courts, offices, institutions, undertakings and organs of the state as well as in the autonomous offices and public corporations shall be settled by the competent organs of state control as matters of state administration detached from the causes out of which they arose.

§ 8

Details as to the carrying out of this law shall be fixed by the state executive authority which will, in the spirit of this law, lay down rules regulating the use of languages for autonomous offices, representative bodies, and public corporations as well as for those offices and public organs whose competence extends to districts which are less than jurisdictional districts, or organs which have no district of their own.

The rules shall also prescribe what measures shall be taken towards facilitating the dealings of officials with persons who do not speak the language in which the court, office or organ conducts its business in the sense of this law. They shall also prescribe the measures to be taken to protect the different parties from legal damage which might accrue to them from ignorance of the language in question.

Exceptions to the terms of this act necessary for securing undisturbed administration may also be made by regulation for the period of five years commencing from the day on which this law comes into force.

Finally, rules shall be laid down which are essential for securing the successful carrying out of this law.

§ 9

This law shall come into force on the day on which it is promulgated. It abrogates all rules relating to language which were in force previous to the 28th of October 1918.

All the Ministers are entrusted with the execution of this law.

T. G. MASARYK	PRÁŠEK
TUSAR	VESELÝ
STANĚK	KLOFÁČ
HOUDEK	HEIDLER
BENEŠ	WINTER
SONNTAG	FRANKE
HABRMAN	HAMPL

VI

ACT OF THE 29TH OF FEBRUARY 1920
SETTING FORTH THE CONSTITUTION AND
JURISDICTION OF THE SENATE

SECTION I

THE CONSTITUTION OF THE SENATE

§ 1

The Senate of the Czecho-Slovak Republic shall consist of 150 elected members. No one may be at the same time a member of the Chamber of Deputies and of the Senate.

If the elections to the one chamber follow within four weeks at the latest after the elections to the other, no one may stand as candidate for both chambers. The election of a candidate in defiance of this enactment is invalid.

Anyone who, in any other case than that just referred to, being a member of the Chamber of Deputies, is elected senator, or vice versa, being a member of the Senate, is elected to the Chamber of Deputies, shall take his seat in that chamber to which he has been last elected.

§ 2

The rules of franchise laid down for elections to the Chamber of Deputies shall be applicable to elections

for the Senate except in such cases as this law otherwise provides.

§ 3

All citizens who have the right to vote at elections to the Chamber of Deputies are entitled to vote at elections to the Senate if they have attained on the day of the publication of the standing lists of voters (Law of 19th December 1919, No. 663 in the Code of Laws and Regulations) the age of twenty-six years.

§ 4

Citizens of the Czecho-Slovak Republic without regard to sex may be elected to the Senate if, on the day of election they have attained the age of forty-five years, have been for at least ten years citizens of the Czecho-Slovak Republic and are not excluded from the franchise. For elections which shall take place up to the end of the year 1928 this condition of ten years' citizenship shall not be required.

§ 5

The Senate shall be elected for a period of eight years.

§ 6

If the elections to the Senate take place within four weeks at the latest of the day on which the elections to the Chamber of Deputies took place the polling committees of the constituencies and the central polling committee which were in charge of the elections to the Chamber of Deputies shall also take charge of the elections to the Senate.

Representatives of parties who have not put for-

ward valid lists of candidates for the Senate may not be members of these committees; on the contrary these committees shall be composed of representatives of those parties which put forward no candidates for the Chamber of Deputies but presented valid lists of candidates for the Senate. Paragraphs 9 and 11 of the rules of franchise for the Chamber of Deputies are to be applied in this matter.

Except in the case stated in Par. 1 the polling committees of the constituencies and the central polling committee must be constituted anew.

§ 7

In every constituency which elects members to the Senate a district polling committee shall be set up. The rules of franchise for elections to the Chamber of Deputies relating to district polling committees apply by analogy thereto.

A district polling committee for elections to the Senate has the same competence in the matter of elections to the Senate as a district polling committee, set up in pursuance of Par. 10 of the rules of franchise for election to the Chamber of Deputies, has in respect of elections to the Chamber of Deputies.

§ 8

In the case stated in Par. 6, section 1, citizens who are not entitled to vote at the elections to the Senate may be members of a committee which has charge of elections to the Senate.

§ 9

The constituencies electing senators shall be composed of constituencies which elect members to the Chamber of Deputies.

(Here follows an enumeration of the electoral districts. There are in all 13 senatorial constituencies electing respectively 23, 11, 15, 14, 15, 17, 16, 10, 7, 5, 9, 4 and 4 senators.)

§ 10

If the Senate be dissolved by the President of the Republic or if the term for which it was elected expire, the Minister of the Interior shall cause new elections to take place within sixty days.

§ 11

The Minister of the Interior shall issue to an elected senator a letter of credence which shall entitle him to enter the Senate and to take part in its proceedings. This right shall lapse should the election of such a senator be declared invalid by the Electoral Court.

§ 12

At its first assembly which shall be opened by the Prime Minister and presided over by the senior senator, the Senate shall elect from among its own members a chairman and two deputy chairmen.

The proceedings of the Senate shall be regulated within the limits of the law relating to rules of procedure, by rules of procedure determined upon by the Senate itself. Until such rules shall be determined upon the rules of procedure passed by the hitherto existing National Assembly shall remain in force.

§ 13

At the first assembly of the Senate and previous to the elections of chairman and deputy chairmen the senators shall take the oath in the presence of the

Prime Minister as provided by Par. 22 of the Constitutional Charter. Refusal to take the oath or the taking of it with reservation shall entail the immediate loss by the member of his seat (Par. 22 of the Constitutional Charter).

The same applies to senators who subsequently enter the Senate; they take the oath in the presence of the chairman of the Senate.

§ 14

Senators are entitled to such remuneration as shall be fixed by law.

THE JURISDICTION OF THE SENATE

§ 15

The Senate shall co-operate in the exercise of legislative authority as laid down by the Constitutional Charter.

§ 16

The Senate is entitled to pass judgment where an accusation is brought by the Chamber of Deputies:

1. Against the President of the Republic for high treason (Par. 67, Constitutional Charter);
2. Against members of the Government for violation of constitutional or other laws (Par. 79, Constitutional Charter).

SECTION II

The first elections to the Senate of the Czecho-Slovak Republic shall take place to the exclusion of the twelfth and thirteenth constituencies as well as to the exclusion of the district of Hlučín from the seventh constituency,

the district of Vitoraz from the fifth constituency, the district of Valčice from the sixth, and to the exclusion of the territories of Spiš and Orava which are the subject of a plebiscite.

The second and third scrutinies shall take place for the other elections without regard to elections in these last-mentioned districts.

The territories excluded from the first elections shall, for the first period for which the Senate is elected, elect their senators later in a manner which will be fixed by regulation.

The Government shall take steps to secure for legionaries the exercise of their franchise rights and shall assign to them seats which may happen to be superfluous in some of the electoral districts.

ARTICLE III

This law shall come into force simultaneously with the law which served as the Introduction to the Constitutional Charter.

The execution of it shall be entrusted to the Minister of the Interior.

T. G. MASARYK TUSAR STANĚK

LIST OF PUBLICATIONS

Nos. 1-165 (April, 1907, to August, 1921). Including papers by Baron d'Estournelles de Constant, George Trumbull Ladd, Elihu Root, Barrett Wendell, Charles E. Jefferson, Seth Low, John Bassett Moore, William James, Andrew Carnegie, Pope Pius X, Heinrich Lammasch, Norman Angell, Charles W. Eliot, Sir Oliver Lodge, Lord Haldane, Alfred H. Fried, James Bryce, and others; also a series of official documents dealing with the European War, the League of Nations, the Peace Conference, and with several of the political problems resulting from the War. A list of titles and authors will be sent on application.

166. Constitution of the Permanent Mandates Commission; Terms of the "C" Mandates; Franco-British Convention of December 23, 1920; Correspondence between Great Britain and the United States respecting Economic Rights in the Mandated Territories; The San Remo Oil Agreement. September, 1921.
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- America and England: Addresses by the Rt. Hon. Earl Balfour and Chief Justice Taft at a dinner in London, June 19, 1922, given by the Pilgrims. July, 1922.

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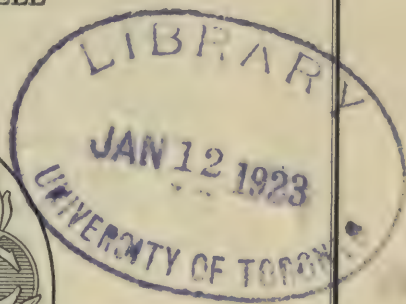
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A SHORT HISTORY OF THE QUESTION OF CONSTANTINOPLE AND THE STRAITS

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A SHORT HISTORY OF THE QUESTION OF CONSTANTINOPLE AND THE STRAITS

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PREFACE

" . . . The war has made us all unduly weary of diplomatic tangles. The guns have cannonaded the whole Victorian façade of Austrian, Russian and German diplomacy into political rubble. The Constantinople problem of the seventies is as interesting to us as that which faced the Byzantine Emperors."* In this striking phrase, the Lord Chancellor of Great Britain recently consigned to academic oblivion a page of history which then seemed—relatively—closed. Meanwhile, other guns have spoken, and the page is once more open. Weary or not, we must turn to it again, for the question with which it deals is not to be got rid of by our ignoring it.

To at least half the world there is no other international problem so important or so pressing for solution as that which centers at Constantinople. Its full significance is hardly apparent from the west; for the interests of European Powers, including Russia, are mainly economic and political; that is to say that they are variable. But in the east, especially the Near East, it embodies an ideal, and a relatively stable one. There the Caliphate has become a symbol of the Oriental protest and revolt against the processes of western expansion—a sort of symbol of Asia. The call of the muezzin at Saint Sophia is heard from Senegal to India.

Unfortunately the conflict of interest and powers which constitutes the Turkish question is not likely

* From Lord Birkenhead's review of Lady Gwendoline Cecil's *Life of Robert, Marquis of Salisbury*, in *The Times*, November 18, 1921.

to receive the attention it deserves, in spite of the rude and forceful way in which it was last injected into the councils of Europe. For it coincides with another event which temporarily at least seems more significant for European relations, namely the crisis in German finances. The two problems are so unlike that comparisons are unprofitable; but it is probable that the future international adjustments of the world will be more affected by the decisions shortly to be reached about the settlement of Turkey than those which may be reached concerning German reparations. The latter belong in the field of economics and tend therefore to be temporary in their effect. The processes of supply and demand, almost like laws of nature, tend to recover their equilibrium; and even obstacles may spring surprises, in the shape of Discovery and Invention, which accelerate recovery. The problem of Constantinople and the Straits, on the other hand, is primarily not one in economics but in history. It has a continuing interest for all concerned. Behind the narrow straits lies the vast, still potent continent of the Slav, rich in resources and in man power in spite of present conditions. The Danubian countries have a new interest in their outlet by sea since Italy, in the late war, secured and partly blocked the gateway of the Adriatic, which Austria-Hungary had opened as an alternative to the Black Sea route. Mohammedan Asia, with its resources almost untouched but its ancient poise disturbed by western exploitation, watches and waits; and its future history is bound to respond in some degree to the treatment accorded its representative in this issue. And France and Great Britain have already found how deeply the events in the Near

East can drive the wedge of divergent policies which threatens to separate them.

The Lord Chancellor was right, however, in one particular. The present policy of Britain is not based upon historical precedent. The Victorian façade *is* shattered. But sometimes one learns something from ruins; and if there is no desire to restore the old basis of agreement there is surely little in history to suggest that a permanent solution can be made to conform to the vagaries of the present, when Russians and Turks, century-old enemies, are friends for a day. Clearly the matter is one which calls for the application of experience. It cannot be decided without considering what the situation would be like were friends to become opponents and opponents friends. It is also one in which apparent outsiders may ultimately be deeply affected, as the past has shown. In short, solutions narrowly based upon the exigencies of the moment may prove as futile as those resting upon a blind regard for historical precedent. What is necessary—necessary not only for the contestants but for the whole world, including America—is a settlement based upon considerations of the most general application. In no other international settlement is it so obviously in the interest of the contestants themselves that the problem should be thus envisaged. But it is equally obvious, in view of the momentous issues involved, that no great power can avoid a joint responsibility for the character of the settlement. Finally, the enforcement of a settlement affecting all cannot be left in the hands of any one of the late contestants. There must be some instrument of control, if not of administration, embodying the ultimate responsibility for carrying out common

decisions in the interest of all concerned. Anything short of this is not a settlement, as Europe is already beginning to appreciate.

But to return to our history. The following outline of the problem of the Straits is only a narrative of its successive phases down to the Congress of Berlin, reduced to its simplest form. It was written some years ago as a sort of enlarged memorandum for practical purposes. It is hoped that it may prove of service to students of international affairs; but it should be supplemented by other studies dealing with the economic as well as the political interests involved in the present crisis.

PARIS, October 23, 1922.

I

INTRODUCTION

ANCIENT AND MEDIAEVAL PERIODS

I. GREEK PERIOD

Prehistory

The "Question of the Straits" is one of the oldest and most persistent problems in European history. It dates from the dimmest antiquity of Greece: the myths of Jason and the Golden Fleece—which were not all myths. From the very first it showed its twofold aspect, commercial and strategic.

The political issue of the Trojan War, in the thirteenth century B. C., was the control of the Dardanelles. The frail craft from the Mediterranean, working their way slowly against persistent north-east winds and the strong current of the Hellespont (Dardanelles), were easy victims for those who held the stronghold on the southern shore into which they were apt to be forced to turn for supplies. The power of Troy was erected on this strategic-economic fact. Forcing the Greek sailors to halt there, it brought down to its own bazaars the raw materials and produce of the rich Black Sea trade. The remains of many cities before Troy, on the same hill commanding the mouth of the Dardanelles, show that beyond the dawn of history the control of the Straits enabled those pre-Trojan and Trojan predecessors of the Turks to reap rich harvest of market tolls and dues in about the same way the Turks have profited in modern times.

The Greeks gain the Straits

Agamemnon, leader of the Greek entente, finally cleared the waters for Aegean ships to reach the source of supplies instead of stopping at the Trojan entrepôt.

This was a larger fact in the development of ancient Greece than the historians appreciated, for history in the antique world paid little attention to economics. But in the period of Greek expansion, when colonies were planted throughout the Mediterranean, an important part of the movement was toward the Black Sea. Of these settlements less is known than of those of the west, on which early Roman civilization was so largely based; but they were a more intimate part of the Greek economy, for apart from the products of the farms of Thrace they tapped the Oriental trade routes in their harbors along the dangerous southern coast of the Black Sea, and they brought grain and gold from the posts along the northern shore.

Athens at the Straits

Yet, as Thucydides reminds us, the commerce of the Greeks did not amount to much before the ascendancy of Athens. Their ships were small and frail, merely enlarged row-boats, mostly unprovided with upper decks, and carrying their cargo in the open. Until the battle of Salamis Greek sea-power was insignificant. The Persian army of Darius could cross the Straits and ravage European territory with impunity; and Xerxes could throw his bridge of boats across the Hellespont from Abydos, almost at the very spot where the British garrison in 1922 stood waiting the onset of the Turk from Asia. After Salamis, sea-power as-

serted itself. The ships of Athens grew in size to be the Majestics and the Imperators of that date, and the mistress of the Aegean made it a cardinal point in her policy to hold the Black Sea route both by her fleet and by colonies and dependencies along the Hellespont. At the narrows of the strait she had two colonies, facing each other, Sestos on the Gallipoli peninsula and Abydos at Nagara Point on the Asiatic side. Thus she controlled the trade of the Euxine, which flowed uninterruptedly to Athens until the Athenian empire was destroyed by Sparta in the Peloponnesian War. The story of that long struggle is the subject of the greatest work of antique history; but few readers of Thucydides are led to realize that the crowning blow which ended Athenian supremacy was that final sea-fight on the Hellespont itself, when the Spartan fleet won the day at Aegospotami. When the grain trade was cut off, there was nothing left for Athens but surrender.

2. ROMAN PERIOD

No "Question of the Straits"

The control of the Straits was clearly a vital matter for the sea-going Greeks, centered in the Aegean. The interest of Rome in Mediterranean trade lay rather in the south and east, in Egypt and Syria. It collected its toll on the Black Sea trade at Abydos on the Dardanelles; but it was also in control of other more important routes to the Orient. The fundamental point, however, was that, by the time it had reached the Euxine, it had no rivals to exclude. After sea-going Carthage had been destroyed and Pompey had swept the eastern Mediterranean of those free-

booting traders whom the Romans viewed as pirates, the maritime as well as the land empire of Rome was universal. For many reasons, too, the gate to the Oriental trade lay through Egypt and Syria rather than by the Black Sea; while the grain of Africa and other more readily accessible parts of the Empire reduced proportionately the importance of that element so vital to Athens. It is therefore evident that there could be no "Question of the Straits" under the Roman Empire.

The founding of Constantinople

A new era began, however, with the division of the Empire at the close of the third century A. D. The capital which Diocletian chose for the eastern world was Nicomedia, now Ismid, on the south-eastern gulf of the Sea of Marmora. Already the center of gravity was shifting to the Straits when Constantine the Great in 330 chose the site of old Byzantium for his new capital. The reasons for the founding of Constantinople were primarily political and strategic rather than commercial, since it lay like a fortress at the ferry on the land route between Asia and Europe. In Constantine's day it was these land routes, and not the sea-ways, which held the Roman world together. The naval engineers had no such triumphs to record as those who built the Roman roads. But in the succeeding years, when the barbarians broke through the outlying defences on the frontiers and cut the line of march from east to west, it was the maritime strategic value of the city that held so well the key to the eastern seas, which kept the name of Rome a symbol of empire in the East until 1453. For Constantinople, planted as a fortress and a political capital. became a

port and a commercial city—the only great port which kept alive the traditions of antique culture during the dark ages. This rôle it owed in part to the strength of its walls, which time and again defied the invader, but also to its fleet, which was able to control the Straits much more successfully than its armies the surrounding provinces.

3. BYZANTINE PERIOD

Constantinople's unique history

The rise of Mohammedanism in the seventh century, cutting off western Asia from Europe, did not destroy the advantages which its unique position gave to Constantinople. On the contrary, it tended rather to accentuate those advantages. For while the fleet and its engineers were able to foil the Saracens in 673–677 and again in 718, the fall of its rivals, Antioch and Alexandria, gave the Black Sea route once more something of the significance which it had held for the Greeks of the Aegean. The city itself developed that mixture of Greek, Roman and Oriental culture known as Byzantine, and, even under degenerate rule, was able to draw sufficient vitality from its commerce to rival the splendor of the lords of Asia. Its strategic position was such that it did not fall to the Turk until long after he had swept beyond it and held Europe to the Danube.

The rise of Italian cities

It was not the Moslem, however, but the trading cities of Italy who forced upon Byzantium the "Question of the Straits" in its mediaeval form. In the eleventh century these cities, especially Pisa, Genoa

and Venice, won their way across the Mediterranean by defeating the Mohammedan corsairs, and began their career of commerce. Reaching Constantinople, they sought for their merchants' privileges, as foreigners, of marketing and of free passage beyond to the ports of the Black Sea. But each city sought it solely for itself. There was no idea of an "open door" in mediaeval commercial theory. And commercial exclusiveness in foreign markets was reflected in political history at home; in constant war and mutual destruction.

Rivalry of Pisa, Genoa and Venice

The chief rivals at Constantinople, the Pisans, Genoese and Venetians, were constantly at war. The great stroke of Venice was to turn the fourth crusade against the Greek Empire itself, and hold the city from 1204 to 1261, from which time it assumed an overlordship of the Black Sea, forcing both Pisa and Genoa to accept its terms. But the Genoese had their revenge when they helped the Greeks to recover their capital, and received as reward, in addition to the confirmation of their commercial privileges, an exclusive control of the Black Sea trade. All enemies of Genoa—meaning mainly Venice—were to be denied the ports or markets of the Empire. As a result, Genoa pushed its trade on the Euxine and its colonies—of which Caffa, emporium of slaves (Slavs) and Oriental produce, was the most important—and formed a sort of colonial dominion on the northern and eastern shores.

No concert of mediaeval states

The details of the Byzantine period lie outside the scope of this history, but it is interesting to note that

through it all the conflicts which these policies of commercial exclusiveness engendered spread back to Europe and led to long disorders. The development of Italy, and, with it, of Europe as a whole, was retarded for centuries by the struggle of the jealous states of the Mediterranean to seize, each for itself, the monopoly of markets and the control of seas which, had they been open, would have brought prosperity to all.

The question of the Straits was obviously a European question from the beginning of European states.

II

THE TURKISH RÉGIME

I. THE CLOSURE OF THE STRAITS

The Turks at the Dardanelles

The conquest of the Straits by the Ottoman Turks was a gradual one, extending over a century. Their predecessors in Asia Minor, the Seljuk Turks, whose rise in the eleventh century was one of the chief causes of the Crusades, had suffered both from civil war and from the Mongol invasion so that the Greeks in Byzantium were able to maintain even their feeble hold on the Asiatic shore. But in the closing years of the thirteenth century the chieftain of a new band of war refugees from central Asia, Osman I—whence the name Osmanli or Ottoman—carved out for himself a new sultanate, the foundations of which were laid by defeating the Greeks of Byzantium, so that he could reach to the Sea of Marmora. His son Orkhan, after the conquest of practically the entire southern coast of the sea and straits, profiting from Greek dissension and treachery, sent an expedition across into Europe about 1350, under his son, Suleiman. Finding the country open to him, Suleiman finally crossed the Dardanelles and seized and fortified Gallipoli in 1356. From that time, with but slight intervals, the Ottoman Turks have held the fortifications on both sides of the Dardanelles, which at this point are only about a mile in width. Meanwhile they proceeded with the conquest of the hinterland, overrunning Thrace and establishing their capital in Adrianople in 1367.

The Turks grant freedom of the Dardanelles

For almost a century after the Turks had taken the ports on the Dardanelles, Constantinople still held its own against the apparently inevitable fate. The explanation of this anomaly is not to be found in any heroic mood or religious fervor of crusade upon the part of the Greeks, but rather in the general international situation which the passage of the Dardanelles by the Turks had brought about. For the Italian traders were now genuinely concerned with Turkish policy, as they had formerly been—and still continued to be—with Byzantine. So Genoa by diplomacy (1387), and Venice by war (1416), won from the Turks the concession of a free Dardanelles. It was a precarious freedom, but so long as sea-power remained to the Genoese and Venetian fleets, the possession of the land fortifications was not enough to secure the control of the passage. That had to await the invention of heavy artillery.

The Turks gain control of the Bosphorus

It was not at the Dardanelles but at the Bosphorus that the Turks finally established their control of the Straits. It should be recalled that the closure of the former presents an entirely different problem from the closure of the latter. The Dardanelles could be opened to Christian shipping, by special grants to European states, in order to reach Constantinople. But the Bosphorus holds the key to the Black Sea. Turkish control of it was a first step in the taking of Constantinople. The year before the capture of that city the Turks built a fort of great strength on the European side of the Bosphorus, opposite the one which had long stood on the Asiatic side just at the narrowest

point—about a mile wide—where the current is strong and navigation most difficult. And in this tower of Roumili Hissar, whose picturesque and massive ruins still guard the Straits, Mahomet II planted heavy cannon, at last made available through the services of a Hungarian founder, and forbade any vessel to pass without express permission. Constantinople, cut off from the east and practically shut off from the west, soon yielded to the assaults of a sultan who was also an engineer. The control of the Bosphorus by the cannon of Roumili Hissar became permanent.

The Black Sea not closed until all its shores were conquered

The Genoese at Galata were at first granted privileges by the Turks similar to those they had enjoyed under the Greeks, and for a while they were allowed to pass the Turkish Bosphorus forts upon payment of a toll, but ships attempting to pass without halting were fired upon and sunk if they refused to stop. The Black Sea trade was thus brought to the verge of ruin. So long, however, as the Turks did not control the shores of the Black Sea as well as the Straits, they did not exclude all Christian shipping from the Straits. That control was not established until 1475, when, having already overrun the southern, western and eastern shores, the Turks took Azof and Crimea, reducing the Tartars to accepting their rule and ending the career of the old Genoese colony at Caffa. This made the Black Sea a Turkish lake, and, for the next three centuries, until the arrival of Russia in 1774, it was the settled policy of the Ottoman Empire to exclude all foreign ships from the "virgin waters" of the Euxine through the closure of the Bosphorus.

2. RELATIONS WITH FRANCE

The Turkish Empire at its height

The rise of the Ottoman Empire in the fifteenth and sixteenth centuries is one of the major events of history, the significance of which is yet not fully appreciated by those who supply the school histories for western European or American readers. The period which seems to the average student to be fully given up to Renaissance, Reformation and religious wars was also the period of the advent of an empire which was perhaps the greatest the world has seen since Roman, or at least since Saracen, days. Just when Martin Luther was launching his revolt Selim I (1512-1526) extended his empire by conquest over the Persians and the whole of Kurdistan, Syria and Egypt. Master of the sacred cities of Islam, he forced the last of the Abbasid caliphs to surrender to him and his successors the title of caliph and the outer symbols of that sacred office, the holy standard, the mantle of the Prophet, and—not least—his sword. His son, Suleiman, or “Solomon the Magnificent,” with the heritage of Asia at his command, sent his hosts into the Danube Valley. In 1521 he captured Belgrade and in 1526, at the Battle of Mohács, defeated the Hungarian King Louis II, who perished with the flower of his chivalry. A creature of the Sultan was enthroned at Budapest, whose rocky escarpment by the Danube still bears the marks and memories of the Turk. Vienna was next besieged, but without success (1529), and Suleiman’s advance to world-empire was stayed. Even as it was, he reached and ravaged Styria and Carniola, almost at the gate of central Europe. At the same time his corsair admiral,

Khair-ed-din—known to the Christians as Barbarossa—established his power in Northern Africa and spread terror in the Mediterranean.

The policy of Francis I

By a strange turn in events the best friend of Suleiman in Europe was the one who, by age-long traditional policy, should have led in the coalition against him. Francis I, however, beaten to his knees by Charles V, was in no mood for a joint crusade upon his rival's other enemy. Much had changed since the days of St. Louis. But even yet the historian must be cynical who is not shocked to find that it was emissaries of the King of France who were sent to stir up Suleiman to march upon the Hungarians on the fatal field of Mohács.¹ Francis chose, however, to follow this policy through; and finally, in 1536, the Caliph and the "Most Christian King" made a treaty which laid a basis for French supremacy in the Levant.

The exact substance of this treaty and its bearing upon the question of the Straits is discussed in the following section. But before turning to it we should recall the economic as well as the political importance of this new policy to France, that of friendly *rapprochement* with the Turks. The consolidation of the Asiatic Empire of Selim and the conquest of Egypt had at last brought the entire Oriental and East Indian trade into the monopolistic hands of Turkey. The conquest of Constantinople in 1453, while it must have injured this trade with the west, did not do so effectively, for the other ports were still open, especially Alexandria. The greatest splendor of Venice, indeed, is in the half-century following the taking of

¹ Cf. Lavissee, *Histoire de France*, II, p. 50.

Constantinople. It was able to tap the other routes, and generally remained on sufficiently fair terms to bargain with the Turks. It was this advantage which France now prepared to share. But another event had already robbed the Levant of its unique commercial value for Europe. For in 1499, Vasco da Gama had found the sea-route to India and the flow of trade was diverted from Cairo to Lisbon, sufficiently at least, to ruin Venice. Thus, while Spain and Portugal and later Holland and England turned to the rich profits of sea-borne trade, France reaped no such harvest from the agreement with the Turk as would have fallen to her had the world remained mediaeval and limited to Mediterranean channels for its outlet to the east.

It would carry us too far afield to follow these suggestions further, however, and we must return to the narrower problem of the effects of this new turn in events upon the trade of the Straits and the Black Sea.

3. THE CAPITULATIONS

The French Capitulation of 1535

The treaty of Francis I with the Sultan is the starting point for the study of Turkish international relations with the states of western Europe. In addition to grants of religious and political privileges under French consuls—to which are to be traced the French claims to protect Christians in Turkey—foreign (i. e. European) ships entering Turkish ports were to sail under the French flag, unless they acquired similar grants.

This kind of a concession, granting extraterritorial jurisdiction to consuls and conceding such special

privileges as the sultan felt obliged or impelled to offer, is known as a "capitulation," a term which, unfortunately, is misleading in its ambiguity. It is derived not from any idea of surrender of rights, but from the low Latin *caput*, *capitulum*, "chapter," referring to the sections and articles into which it is divided. The principle of the capitulations was the old one—taken over from antique Mediterranean and Byzantine jurisprudence—that the sovereignty of a state applied only to its subjects. The capitulations granted by the early sultans were not permanent, lasting only, according to Turkish theory, during the life-time of the sultan granting them. Consequently they were continually modified when reaffirmed and subject to abrogation as being only in the nature of a truce with the infidel. The reaffirmations of the capitulations, however, lent more of a continuity to the régime of the capitulations than might at first appear. For instance, the capitulation of Francis I in 1535 drew largely from the concession granted the French in Egypt in 1528, after its capture by the Turks, and this, in turn, is partly traceable to the treaty made by the Sultan of Egypt with St. Louis in 1251. Finally, the great French capitulation of 1740 was made permanently binding; and on it rest all claims of the French and (by extension) of the other foreigners in Turkey up to 1914.²

All Europe had similar capitulations

The French capitulation of 1535 became something of a model to be copied in subsequent treaties with

² Cf. Pelissie du Raussas, *Le régime des capitulations dans l'Empire Ottoman*. The best collection is that in G. Noradounghian's *Recueil d'actes internationaux de l'Empire Ottoman* (4 vols. 1897-1903). There is an English translation of important treaties, 1535-1878, in a Parliamentary paper (C. 1953) in vol. LXXXIII of 1878.

other European states. The first capitulation with England was arranged in 1579. Those with the Netherlands followed in 1598 and in 1612. The first capitulation with the German (Holy Roman or Habsburg) Empire was the treaty of 1718, though its merchants had been given conditional privileges in 1616. By the close of the eighteenth century all the Christian countries of Europe, except Switzerland and the States of the Church, had gained recognition for the rights of their citizens engaged in business with Ottoman territories.

It is unnecessary here, however, to enumerate the series of capitulations. For *none of these treaties with western European states granted freedom of navigation in the Black Sea*. The Dardanelles were opened, permitting the ships of the nations to reach Constantinople, upon complying with Turkish formalities at Gallipoli and in port. So in the very first capitulation, that of 1535, we read: "Any ship of the subjects of the king . . . shall be allowed to go where it pleases; and, coming to Constantinople, when it is ready to leave, having taken and paid the *hendjet* (cost of making out the papers) and the *emine* (export tax) and having been searched and visited by the *emin*, is not to be visited in any place, except it be at the castle of the Strait of Gallipoli, without paying more there, or anywhere else, for the right to leave." But the Bosphorus remained closed. At first reading, the text of some capitulations is not clear on this point. The grants of freedom of trade are made in general terms and the Black Sea is not specifically excepted. But the presumption was that it was not included.

An exception was apparently made of Venice for a while, until the Turks were in a position to deal with

the first maritime power of the age. Thus (to quote the summary by Young), "by special clauses in the treaties of 1454 and 1479 and by the Capitulations of 1482 and 1513, the Turks granted the Venetians the privilege of trading in the Black Sea, prior to the creation of an Ottoman marine. But this régime always had a provisional character, and with the decline of Venetian shipping and the development of that of the Ottoman Empire, it was replaced by an absolute closure of the Euxine to foreign ships."³

4. COMMERCIAL HISTORY UNDER THE TURK

Apparent grants of privileges

The commercial history of the Black Sea for the next century is quite obscure. Somehow or other adventurous merchants of Europe found their way to the forbidden shores, apparently chartering Turkish shipping, if not, indeed, finding a way to evade the restrictions which sought to make of the Euxine commerce a Turkish monopoly. These conditions are reflected somewhat dimly in treaties with the English and the Dutch in the seventeenth century.

The English secured a rather obscurely phrased concession in the treaty with the Turks of 1606,⁴ which was repeated in the general Capitulation of 1675. It reads as follows: "English merchants and anyone else sailing under the English flag can buy and sell without restriction all kinds of merchandise . . . and transport them by land and sea, and also by the Don to Muscovy or Russia, and carry them into

³ Young, *Corps de Droit Ottoman*, III, p. 66, note.

⁴ There is some uncertainty as to the exact date. Hammer gives it as 1604.

our sacred dominions for trade and also take them to Persia and other conquered provinces." The phrase "sailing under the English flag" may be merely a general description and not apply to the use of the flag on the Black Sea. As for that, the following clause (38) of the same treaty indicates that the ships used by these English traders in the Black Sea were Turkish ships chartered by the English. "If the vessels chartered for Constantinople are forced by contrary winds to stop at Caffa (in the Crimea) or some other port in the same region . . ." they are to be safe from local extortion, etc.; hence the inference that in clause 36 the reference was to English merchants in Turkish ships.⁵

The grant to the Dutch seems less easy to explain away. Clause 57 of the treaty of 1689 reads: "If a contrary wind should drive their vessels, destined for Constantinople, to Caffa or any other place on that shore, or if they land voluntarily, they shall not be obliged to unload goods which they do not wish to sell, in order to take them by force. No one shall oppose the passage of their vessels or shipping in these waters."⁶ No mention occurs here of the chartering of Turkish ships, and, if such documents could be taken at face value, they would seem to indicate that the Dutch, if not also the English, had obtained the right to penetrate the Bosphorus. *But Turkish monopoly was maintained in the Black Sea.*

The historic fact, however, runs counter to such interpretation. Historians agree in insisting that the exclusion of all foreign shipping from the Black Sea was enforced by the Turk. Even when Austria (i. e.

⁵ Cf. Mischef, *La Mer Noire et les détroits de Constantinople*, p. 30.

⁶ Noradounghian, *op. cit.* I, p. 181.

the Habsburg monarchy) forced upon Turkey the crushing peace of Passarowitz (1718), the ancient rule that only Turkish ships should sail the Turkish waters was not surrendered. Merchants of the Holy Roman (or Habsburg) Empire might charter boats at Danube ports and send their goods over the Black Sea, but the boats themselves were to be Turkish.

. . . "As it has been agreed that the imperial shipping of the Danube will not enter into the Black Sea, they will go by the said river to Ibrail, Isaktche, Kilia and other ports, where are found open boats (caiques) and ships suitable for the navigation of the Black Sea. They will there unload their goods, place them on the (Turkish) ships which they will charter for that object, and they will have full and entire liberty to transport them to Constantinople, the Crimea, Trebizond, and Sinope and the other ports of the Black Sea where their goods find a market."

Twenty years later, in the Treaty of Belgrade (1739), the privileges of "merchants of the provinces under the Emperor of the Romans," to trade in and through the Ottoman Empire were restated on the same general terms as in the capitulations granted the French, English and Dutch.

As a counterpart to the history of the Holy Roman Empire that of France during this period is also instructive. Although it was largely owing to French services that the Treaty of Belgrade (1739) restored Serbia to Turkey, nevertheless, in the capitulations which France secured as a reward (1740), and which were to become the lasting basis of French claims in

the Levant, the French flag was still excluded from the Black Sea.

It was not until Russia finally established itself on the northern shores at the end of the eighteenth century, that Turkey was obliged formally to surrender its policy of exclusion of foreign shipping from the Black Sea. The Bosphorus was forced open from the east instead of the west.

III

THE ARRIVAL OF RUSSIA

I. PETER I AND CATHERINE II

During the seventeenth century, Turkey held its own as one of the Great Powers—perhaps the most powerful, with the doubtful exception of France. At the end of that century, however, it began that process of decline which has slowly continued until the present. Attacked along the whole of its northern front, it was obliged to surrender most of the Danube Valley (Hungary and Transylvania) to the Habsburgs, the Ukraine and Podalia to Poland and Azof to Russia. The Treaty of Carlowitz in 1699, in which these losses of Turkey were registered, marks the first distinct step in the dismemberment of the Ottoman Empire.

Peter I

The Turkish monopoly of the Black Sea was now about to be threatened by two Powers, Austria and Russia. Of these, however, Russia alone had reached the shores and set out at once to overcome the Turkish claims.

In 1700, Peter the Great, with characteristic energy and aggressiveness, sent an embassy to Constantinople, on board a Russian man-of-war, one of the Russian squadron he had built in the taking of Azof. This first Russian battle-ship made an impression at Constantinople; but the Turk was not to be overawed by it, nor by the aggressive attitude of the

Russian envoy, and the demand for freedom of navigation on the Black Sea for Russian ships was emphatically refused. The Turkish Government asserted that no foreign vessel should ever sail "the virgin waters of the Black Sea," and, in the face of the intruder, recalled that this rule had been religiously observed in the past. The negotiations failed; the Turks still maintained that Russian ships should not sail out of the Sea of Azof, and that Russian goods destined for Constantinople should cross the Black Sea in Turkish bottoms.⁷ Peter's diplomatic failure was followed by his military defeat in a renewal of the war and ten years later (1710) he was forced to surrender his former conquest on the Black Sea, by the Treaty of Pruth, 1711.⁸

First step toward the neutralisation of the Black Sea

A further barrier against the on-coming Russian was erected by Turkey, seconded by France, in the Treaty of Belgrade, 1739. This provided for the destruction of the Russian forts of Azof and forbade Russia to maintain or construct a fleet or other ships in the Sea of Azof or in the Black Sea,⁹ and it repeated the rule that all Russian commerce on the Black Sea should be in Turkish ships.¹⁰ This attempt at Russian disarmament, significant in the light of later history, was naturally resented by Russia in

⁷ Mischef, *op. cit.*, Chapter I. Goriainow, *Le Bosphore et les Dardanelles*, p. 2. The same principle was applied to Austria, by the Treaty of Passarowitz, 1718. See above.

⁸ Articles 1 and 2.

⁹ Article III, Noradounghian, I, p. 260.

¹⁰ Article II, *Ibid.* p. 262. France objected to free navigation on the Black Sea, fearing a rival in the Mediterranean, and stimulated Turkish opposition. Cf. Beer, *Orientalische Politik Oesterreichs*, p. 17.

proportion as its economic and military development carried it to the shores of the Black Sea.

Catherine II

It was left for Catherine II finally to conquer the Black Sea coastlands for Russia. Although her ambition to divide up Turkey, as well as Poland, was not realized, she forced the Sultan to surrender his control of the north shore of the Black Sea. To achieve this result, she waged war not only by land; her fleet was sent around by Gibraltar in 1770 to blockade the Dardanelles and to reach Constantinople from the west—a feat it almost achieved. The enterprise failed because of Austria's fears and of Frederick II's willingness to turn the occasion to his own account by diverting Catherine to Poland; and also because of Russia's decision not to make food contraband. Yet, although Catherine did not win Constantinople, she broke the Turkish policy of exclusion from the Black Sea, and establishing Russia along its shores, made a new international situation. For the Black Sea was no longer a Turkish lake.

The Treaty of Kutchuk-Kainardji, 1774

The Treaty of Kutchuk-Kainardji, 1774, which marked this first great milestone in Russia's progress, was, therefore, more than the signal of the Russian arrival. In ending the exclusively Turkish régime of the Straits and the Black Sea, it brought the modern phase of the Eastern question; for other powers besides Russia were destined soon to profit.¹¹ Moreover it occupies a unique position in Russo-Turkish relations. For, as has been frequently pointed out,

¹¹ See below, concerning the treaties of 1783, 1784.

it inaugurated the whole series or system of treaties by which Russia was to assert her claims. All previous treaties between Turkey and Russia were expressly cancelled by it and all subsequent ones, down to the Crimean War, were based upon it.¹²

Although Russia's territorial gains on the Black Sea were not large, since the Tartars were merely to be freed from the Turks and made independent—still the foothold had been won from which her conquests could be increased. In the same way a limited recognition of her rights to protect her co-religionists could later be made the excuse for an interference in Turkish affairs which challenged other powers and led to the Crimean War. But the clause which is of chief interest here is that which opened the Black Sea and the Straits to merchant ships flying the Russian flag. Russian merchants were to be given the same privileges in Turkish ports and waters as “the most favored nations”—England and France.

The text of Article XI, in which the concession is made, runs as follows: For the convenience and advantage of the two empires there shall be a free and unimpeded navigation for the merchant ships belonging to the two Contracting Powers, in all the seas which wash their shores; the Sublime Porte grants to Russian merchant vessels, namely, such as are universally employed by the other powers for commerce and in the

¹² Holland, *The Treaty Relations of Russia and Turkey*, p. 2. “The other great names of the series—Jassy, Bucharest, Ackerman and Adrianople—one and all have this characteristic in common; the Treaty of Kutchuk-Kainardji is the text, upon which they are but commentaries.” See also *Ibid.* p. 35, for tabular comparison of the relation of these treaties to each other, clause by clause.

ports,¹³ a free passage from the Black Sea into the White Sea and reciprocally from the White Sea into the Black Sea, as also the power of entering all the ports and harbors situated either on the sea coast, or in the passages and channels which join the seas. . . ."¹⁴

The text leaves some obscurity as to the extent of the grant, for the term "White Sea" (*bahr-i-sefid*) was applied to the Sea of Marmora as well as to the Mediterranean.¹⁵ In 1779 a *convention explicative* was added to the treaty, insisting (Article VI) upon the limitation of Russian ships passing the Straits to those permitted England and France in their capitulations.¹⁶ Finally, in 1783, a sweeping commercial treaty, much resembling the capitulations granted other countries, elaborated in some eighty-one clauses the conditions under which the Russian commercial flag was to be permitted, like that of England and France, the entry into Turkish ports. Russian commercial ships were to be permitted to pass the Straits without payment of any customs dues.

Catherine's ambition, however, was political rather than commercial. It was aimed at nothing less than

¹³ The Russian text is clearer on this point ". . . those vessels only which are exactly like the vessels which the other powers employ in the commerce they have with the ports of the Sublime Porte," etc. Mischef, p. 185, note.

¹⁴ Text as in Holland, *op. cit.*, p. 42. The original text was in Turkish, Russian and Italian. The Italian text with French translations made "by authority" in Russia, is given in Martens, *Recueil*, 1st ed. I, p. 507, IV, p. 606 and 2nd ed. II, p. 286. The French text is in Noradounghian (I, p. 324), and copied by Mischef, p. 184.

¹⁵ Young, *op. cit.*, III, p. 67, note.

¹⁶ Martens, *op. cit.*, 2nd ed. I, p. 658. The reference is blind, although it is repeated in 1783, for there are no prescriptions as to form and size of ship in the capitulations of France and England. Young, III, p. 68, note.

the conquest of Constantinople itself. With Austria as an ally she waged a new war on Turkey in 1789. But England, Holland and Prussia intervened (France was pre-occupied with the Revolution) and prevented the dismemberment of Turkey.¹⁷ Poland became the victim instead. Russia, although victorious over the Turks, surrendered its conquests west of the Dniester, by the Treaty of Jassy, 1792. The Treaty of Kainardji was again confirmed, along with the *convention explicative* and the commercial treaty of 1783, "since commerce is the truest and most constant bond of reciprocal harmony."¹⁸

The opening of the Black Sea to merchant ships

As Russian merchant ships entered the Straits from the Black Sea end, it was obvious that the old principle governing the use of the Straits was broken. The other nations therefore sought to obtain the new advantages. Austria gained free passage for her ships of commerce in 1784.¹⁹ England was not admitted to the full

¹⁷ Treaties of Sistova (Turkey and Austria) in 1791, and of Jassy (Turkey and Russia) 1792. The text of Sistova is in Noradounghian, II, p. 13; L. Neumann, *Recueil des traités et conventions conclus par l'Autriche*, etc. I, p. 463; Martens, *Recueil*, 2nd ed. V, p. 245; that of Jassy is in Noradounghian, II, p. 16; Martens, *Recueil*, 1st ed. V, p. 53, 2nd ed. V, p. 291 (German translation); Martens and Cussey, *Recueil annuel*, etc., II, p. 65.

¹⁸ Art. VIII.

¹⁹ Noradounghian I, pp. 379-382. Sanad of February, 1784. See also firman of May, 1784 in Martens, *Nouveau Recueil Général*, 15, p. 462: "Since the merchant ships of the German court, friend and neighbour of the Sublime Porte, since the peace of Belgrade, have carried on commerce on the White Sea without being permitted to navigate the Black Sea, that court has requested the Sultan to permit them to sail out of the rivers into the Black Sea and from that sea into the White Sea, and so back and forth. The Sultan permits German merchants to freely carry on their business on land, sea and rivers and has given a sanad to the Austrian Minister." It is clearly stated here that the request was for the right to navigate not only the Black Sea but also the Straits.

benefits of this régime till 1799, when the privilege was granted by an official note from the Porte, which was reaffirmed in 1802.²⁰ France received the concession in 1802, Prussia in 1806.²¹

2. THE NAPOLEONIC ERA

The arrival of Russia had made the question of the Straits one of general European policy, but so far the solution affected the commercial rather than the naval side of the problem. The Turkish commercial monopoly was broken, but its right to control and so prohibit the passage of foreign war-ships through its territorial waters remained unimpaired. The problem of naval strategy was still to be settled; indeed it was hardly a problem, except for Russia, prior to the nineteenth century.

Effect of Napoleon's Egyptian expedition

Napoleon's Egyptian expedition definitely opened the modern phase of the Near Eastern question as we know it. France, for centuries the one Christian power most friendly to Turkey, now became an invader. England had its attention drawn to the strategic importance of the Near Eastern route to India, and, for the first time awake to its importance, began to play in earnest that rôle in the Levant which it has followed with relative consistency until the present war—that of supporter of the Ottoman. Russia, drawn to the Straits through the same Napoleonic invasion, became the main competitor of England for the control of those who controlled the

²⁰ Hertslet, *Commercial Treaties*, V, p. 499, VII, p. 1021.

²¹ *Ibid*, p. 78.

Straits, since Constantinople stands at the cross-roads of the route to India and the route to Odessa. Hence, as the Napoleonic wars revealed increasing signs of the weakness of the Ottoman Empire, the three-fold contest (for Austria was not so directly involved) of England, France and Russia centered to a large degree at Constantinople.

The first effect of Napoleon's campaign in the Orient was to throw Turkey—so far as the Straits were concerned—into the hands of Russia. The appeal of the Sultan to the Czar brought a Russian fleet, which entered the Bosphorus in September, 1798; and the resulting alliance²² between Turkey and Russia was joined a few days later by England.²³ The barriers once down, the Russian fleet passed and repassed the Straits without regard to treaty stipulations, and Russia began definitely to formulate plans for the partition of Turkey (1800).²⁴ A year later Napoleon, victorious at Marengo, with western Europe breaking up at his behest, was planning anew the march on India, this time with the half-crazed Paul I as his ally. As a counter to the danger which lurked behind the Straits, England took Malta and secured Egypt by an Indian army. The murder of the Czar (March, 1801) and the accession of Alexander I, friendly to England, made possible the peace of Amiens (March, 1802).²⁵

²² Treaty of Constantinople, December 23, 1798; cf. Noradounghian, II, p. 24.

²³ January 5, 1799, *ibid.*, p. 28.

²⁴ Dascovici, *La question du Bosphore et des Dardanelles*, pp. 147-148.

²⁵ For the section relating to Turkey cf. Noradounghian, II, p. 50. A separate commercial treaty was concluded a month later which, for the first time, allowed the commercial freedom of the Black Sea and the Straits, by extending the Capitulation of 1740 to include this grant; cf. Noradounghian, II, pp. 51-53.

The policy of Alexander I

The initial policy of Alexander was to preserve, rather than destroy, a weak Ottoman power at the Straits, and to turn its weakness to Russia's advantage.²⁶ The Russian fleet continued to pass the Straits, for, in the renewed war with Napoleon, Russia was again England's ally; and when Turkey, won over by Napoleon's ambassador Sebastiani, declared war on the side of France, Britain came to the support of Russia, sending a fleet which forced the Dardanelles and actually reached, and for a moment overawed, Constantinople (March, 1807). The energy of Sebastiani in hastily organizing the defence of the city caused its withdrawal, however, without having achieved its purpose. Four months later (July 7, 1807) the Treaty of Tilsit gave a new turn to events.²⁷

The significance of the "Peace of the Dardanelles"

It is not necessary here to enter into the details of Napoleon's and Alexander's scheme for the partition of the Orient; but it should be recalled that the main point in that grandiose plan upon which the two emperors failed to reach agreement was the problem of who should hold Constantinople and the Straits.²⁸ More important, however, than these arrangements, because more lasting in its influence upon the history

²⁶ Cf. Dascovici, *op. cit.*, p. 150.

²⁷ Driault, *La question d'Orient en 1807*, in *Revue d'histoire diplomatique*, XIV, (1900), p. 436, states that after the Treaty of Tilsit the Czar instructed the Russian war-ships, in the Mediterranean to pass into the Black Sea, *if the Porte gives them permission*; otherwise they are to go through the Straits of Gibraltar to French ports for shelter and supplies. Thus Russia recognized the rule.

²⁸ For the tortuous negotiations see Tatistcheff, *Alexandre I^{er} et Napoleon d'après leur correspondance inédite*, 1801-1812 (Paris, 1891); Cf. Phillipson and Buxton, *The Question of the Bosphorus and the Dardanelles*, pp. 41, 42.

of the Straits, was the fact that England, now again obliged to be friendly to Turkey, made with the Porte the Treaty of Constantinople, commonly known as the Peace of the Dardanelles, which contained the first formal assertion, in international treaty, of the principle of the closing of the Straits to ships of war.²⁹

It was significant that this first statement should refer to the regulation as the "ancient rule of the Ottoman Empire" which excluded war-ships of every nation from entering either the Dardanelles or Bosphorus. Article II of the treaty runs as follows:

"As it has at all times been forbidden for vessels of war to enter into the canal of Constantinople, that is, into the Straits of the Dardanelles and into that of the Black Sea, and as that ancient rule of the Ottoman Empire should be observed henceforth in times of peace with reference to any Powers whatsoever, the Court of Britain promises also to conform to this principle."

The clause was cleverly drawn. Turkey insists on her sovereign rights and wins from Britain a formal recognition of them. In reality, Britain becomes the guardian of the Straits almost as much as Turkey. The provision constitutes the germ of the international convention laid down in the Straits Convention of 1841 when England again was to have its say as to the settlement of the question.³⁰

²⁹ For the story of negotiations see the two-volume account of the British Ambassador, Sir Robert Adair, *The Negotiations for the Peace of the Dardanelles in 1808-9* (London, 1845). The text is in Noradounghian, II, p. 81.

³⁰ Cf. Phillipson and Buxton, *op. cit.*, p. 43. Goriainow, *op. cit.*, Chap. II gives Russian data.

Upon the whole, the Napoleonic period left the matter as Turkey and England wished.

3. RUSSIAN TRIUMPHS

At the Congress of Vienna the question of the Straits was not considered, nor even the larger problem of the Ottoman Empire. The British Government supported Metternich's plan to guarantee the existence of Turkey, but the Porte itself was suspicious of too much guardianship by the British. British mediation suggested too nearly the idea of a protectorate. In a sense, therefore, Turkey played into the hands of the Czar, who wished to avoid any guarantee of Ottoman integrity; and Turkey remained outside the European state-system.

The Near Eastern question after the Congress of Vienna

But the Near Eastern question could not be shelved. European Turkey in the years following the Congress of Vienna became the theater of feud and massacre, culminating in the horrors of the Greek War of Independence (1821-1829). Official England temporized with its "ancient ally" the Turk, and played with Metternich upon the pacific temper of Alexander I. But when the forceful Nicholas I took control of Russia (1825), he quickly cowed the Porte into accepting the terms of the Treaty of Ackerman (October, 1826), which, among its other terms, granted Russia complete freedom "in all the seas and waters of the Ottoman Empire without any exception" for its merchant shipping.³¹

³¹ Article VII, clause 2. Cf. Noradounghian, II, p. 120; State Papers, XIII, p. 899; Martens, *Nouveau Recueil*, VI, p. 1053.

Meanwhile Britain brought about an accord with France and Russia for joint intervention in the Eastern question;³² but that British reluctance to weaken the Ottoman power, which muddled British policy with reference to Greece, finally left it to the Czar to exert the coercion necessary for securing a settlement. Russian armies marched across the Balkans for the first time and forced upon the Turk the humiliating terms of the Treaty of Adrianople (September, 1829).

The Treaty of Adrianople, 1829

"In the long history of the Eastern Question, the Treaty of Adrianople is inferior only in importance to those of Kainardji and Berlin."³³ The independence of Greece not only marked a further stage in the dissolution of the Turkish Empire; it also changed the standing of Turkish shipping, since so many of the maritime interests of the Ottoman Empire were in Greek hands. But the treaty as well (Article VII) reiterated in most sweeping terms the grant of freedom to Russian commercial ships in all Ottoman waters, with the additional and unique proviso that no visit or search was to be exercised over Russian vessels passing the Straits. The degree of Russian domination was expressed in the additional provision that any act or interference by the Turk to this complete freedom would be met by "reprisals against the Ottoman Empire."

The text of Article VII of the treaty runs as follows: "Russian subjects shall enjoy, throughout the

³² Treaty of London. The protocols are in Martens, *Nouveau Recueil*, XII, pp. 1-265; treaty, *ibid.*, p. 465; Noradounghian, II, p. 130.

³³ Marriott, *The Eastern Question*, p. 199.

whole extent of the Ottoman Empire, as well by land as by sea, the full and entire freedom of trade secured to them by the treaties concluded heretofore between the two High Contracting Powers. This freedom of trade shall not be molested in any way, nor shall it be fettered in any case, or under any pretext, by any prohibition or restriction whatsoever, nor in consequence of any regulation or measure, whether of public government or internal legislation. Russian subjects, ships and merchandise shall be protected from all violence and imposition. The first shall remain under the exclusive jurisdiction and control of the Russian minister and consuls; Russian ships shall never be subjected to any search on the part of the Ottoman authorities, neither out at sea nor in any of the ports or roadsteads under the dominion of the Sublime Porte; and all merchandise or goods belonging to a Russian subject may, after payment of the custom-house dues imposed by the tariffs, be freely sold, deposited on land in the warehouses of the owner or consignee, or transhipped on board another vessel of any nation whatsoever, without the Russian subject being required, in this case, to give notice of the same to any of the local authorities, and much less to ask their permission so to do. It is expressly agreed that the different kinds of wheat coming from Russia shall partake of the same privileges, and that their free transit shall never, under any pretext, suffer the least difficulty or hindrance.

“The Sublime Porte engages, moreover, to take especial care that the trade and navigation of the Black Sea, particularly, shall be impeded in no manner whatsoever. For this purpose it admits

and declares the passage of the Strait of Constantinople and that of the Dardanelles to be entirely free and open to Russian vessels under the merchant flag, laden or in ballast, whether they come from the Black Sea for the purpose of entering the Mediterranean, or whether, coming from the Mediterranean, they wish to enter the Black Sea; such vessels, provided they be merchant ships, whatever their size and tonnage, shall be exposed to no hindrance or annoyance of any kind, as above provided. The two Courts shall agree upon the most fitting means for preventing all delay in issuing the necessary instructions. In virtue of the same principle the passage of the Strait of Constantinople and that of the Dardanelles is declared free and open to all the merchant ships of Powers who are at peace with the Sublime Porte, whether going into the Russian ports of the Black Sea or coming from them, laden or in ballast, upon the same conditions which are stipulated for vessels under the Russian flag.

"Lastly, the Sublime Porte, recognizing in the Imperial Court of Russia the right of securing the necessary guarantees for this full freedom of trade and navigation in the Black Sea, declares solemnly, that on its part not the least obstacle shall ever, under any pretext whatsoever, be opposed to it. Above all, it promises never to allow itself henceforth to stop or detain vessels laden or in ballast, whether Russian or belonging to nations with whom the Ottoman Porte shall not be in a state of declared war, which vessels shall be passing through the Strait of Constantinople and that of the Dardanelles, on their way from the Black Sea into the Mediterranean, or from the Mediterranean into

the Russian ports of the Black Sea. And if, which God forbid, any one of the stipulations contained in the present article should be infringed, and the remonstrances of the Russian minister thereupon should fail in obtaining a full and prompt redress, the Sublime Porte recognizes beforehand in the Imperial Court of Russia the right of considering such an infraction as an act of hostility, and of immediately having recourse to reprisals against the Ottoman Empire."³⁴

Russia profits by the revolt of Mehemet Ali

In 1832, the existence of the Ottoman Empire was threatened by the great revolt of Mehemet Ali, whose troops, overrunning most of Asiatic Turkey, were threatening the Straits. Again, as in the Napoleonic crisis, Russia profited. France was on the side of Mehemet, England declined to act; and the hard-pressed Sultan was obliged to invite Russia to come in, with fleet and army, and save him from the rebels. The results were a Russian fleet and troops for the defence of Constantinople itself, the passage of the Dardanelles by Russian warships, and the establishment of what amounted to a Russian protectorate over Turkey.

The Treaty of Unkiar-Skelessi, 1833

The treaty which embodied these conditions was signed at Unkiar-Skelessi in 1833.³⁵ By it Russia guar-

³⁴ This is a most unusual clause, and indicates the extent of Turkey's helplessness.

For a discussion of the treaty see Phillipson and Buxton, *op. cit.*, p. 53. Text in Noradounghian, II, p. 166; Martens, *Nouveau Recueil*, VII, p. 143.

³⁵ Noradounghian, II, p. 230. It was to run for eight years. Phillipson and Buxton, p. 62.

anteed the existence of Turkey, offering the use of Russian arms to maintain it. The Sultan's *quid pro quo* was indicated in a separate, secret clause:

"His Majesty, the Emperor of all the Russias, wishing to spare the Sublime Ottoman Porte the expense and inconvenience which might be occasioned by affording substantial aid, will not ask for that aid if circumstances should place the Sublime Porte under the obligation of furnishing it. The Sublime Ottoman Porte, in place of the help which it is bound to furnish in case of need, according to the principle of reciprocity in the open treaty, shall limit its action in favor of the Imperial Court of Russia to closing the Straits of the Dardanelles, that is to say, not to permit any foreign ship of war to enter therein under any pretext whatever."³⁶

The Treaty of Unkiar-Skelessi marks the zenith of Russian influence at Constantinople, and the secret clause is the expression of it. While its ambiguity has been the subject of much discussion, it was taken by Russia at least to mean that it guaranteed a free passage for Russian warships through the Straits "in case of need"—which covers every pretext—and closed the entrance to the Black Sea to every other power.³⁷

Palmerston objected that these terms were inconsistent with the treaty of 1809, by which the Porte had agreed to prohibit the passage to ships of war of *any* foreign power. The English fleet sailed up to Besika Bay and France sent an identic note to that

³⁶ *Ibid.*, p. 231.

³⁷ Cf. Marriott, *op. cit.*, p. 210. See discussion in Phillipson and Buxton, pp. 61-67.

of England. But no one wanted war, and the western Powers waited their chance.

The United States, strangely enough, was to test the strength of the Russian influence in 1835. An American frigate reached Constantinople and tried to secure permission to pass to the Black Sea. The Porte submitted the request to Boutenieff, the Russian Ambassador, who advised that it be refused, for fear the European Powers use the incident as a pretext for their own ships to pass.³⁸

³⁸ Phillipson and Buxton, p. 69.

IV.
FROM THE TREATY OF LONDON (1840)
TO THE
CONVENTION OF THE STRAITS (1841)

Conflict of the Powers after the Treaty of Unkiar-Skelessi

The secret clause of the Treaty of Unkiar-Skelessi was soon whispered abroad in rival chancelleries, and European diplomacy reflected the disturbance it created. While England and France protested, Metternich's deft hand secured from Russia an avowal of innocent purposes,³⁹ which tided Europe through the crisis. The insincerity of Turkey toward Russia, which had imposed such humiliating terms upon it, also made Russia's triumph less secure and therefore less menacing. It was obvious as well that England and France would not leave to Russia the enjoyment of the Treaty of Unkiar-Skelessi if they could help it.

In 1839 war broke out again between the Sultan and Mehemet Ali, resulting in the complete defeat of the Turk. Again the Ottoman Empire seemed about to dissolve, with Russia waiting to share the spoils on the north and France about to profit in Egypt by its friendship for Mehemet Ali. England had no desire to see either of these results. Metternich had, at the outbreak of the war, proposed action by the European Concert, and France and England quickly took up the idea of common action, although French public opinion objected to too close association with English aims. Russia, taking advantage of this rift between England and France, refused to join and advised the

³⁹ Convention of Münchengrätz, 1833. Both parties to combine to maintain the Turkish Empire as against others designing its overthrow, etc. Martens, *Recueil des traités et conventions conclus par la Russie* (1898) IV, pt. I, p. 445 ff.; Mischef, p. 293 ff.

Sultan to make peace with Mehemet directly, without reference to Europe. Russia felt that the action of the Powers, if they came together, would undo the advantages she had held since Unkiar-Skelessi. However, Metternich acted quickly and anticipated objections by having the Austrian ambassador at Constantinople present the Sultan a *collective note* from the Five Powers, stating that these Powers had reached an accord on the Eastern question, and holding the Porte to "abstain from any final decision without their concurrence and to await the results of their interest in its welfare."⁴⁰

Russia having apparently given in on the formal question of the acceptance of the Concert, the Czar's ambassador at London made the most of the situation to sow dissension between France and England. The Czar's strong personal dislike of France was an element in the situation, playing into the plans of Palmerston, whose objections to the French plan of favoring Mehemet Ali's ambitions upon Syria were soon shared by Berlin and Vienna as well as St. Petersburg. Then Russia opened new diplomatic possibilities. To Palmerston's surprise, the Government of the Czar went so far as to intimate a willingness to reconsider the Treaty of Unkiar-Skelessi, stating that the Czar had regarded that treaty not as an implement for establishing an absolute protectorate over Turkey but merely as a means of safety for the Porte.⁴¹ The Treaty of Unkiar-Skelessi might be revised by proclaiming the closing of the Straits *at all times* a universally recognized principle of the public law of Europe. Upon the bases of such plans the

⁴⁰ *British and Foreign State Papers*, XXVIII, p. 408.

⁴¹ Goriainow, p. 67.

Czar's Government then proposed that England's fleet attack Mehemet's port of Alexandria and the Russian army come down to Constantinople to safeguard the capital from the Syrian rebels. Palmerston naturally refused to enter upon a plan which brought the Russians to Constantinople alone, and it was only after rather protracted negotiations, to which France was not a party—her interest in Egypt having led to independent negotiations with Turkey—that an agreement was reached by the four Powers of Russia, Britain, Prussia and Austria.

The Treaty of London, 1840

The Treaty of London, in which this agreement was registered, began by stating (Article I) that the Contracting Powers had come to an agreement with Turkey as to what terms Mehemet Ali should receive, and that (Article II) in case Mehemet refused to accept them, they, the Powers, would undertake to force him to do so. "Their Majesties engage to take, at the request of the Sultan, measures concerted and settled between them, in order to carry that arrangement into effect." Article III states that if Constantinople is threatened by invasion the Powers will send help, and Article IV safeguards the Sultan's sovereignty for the future, in case Russia and the western Powers should—for this one time—send their armed forces through the Straits.

These two articles are fundamental in the history of the international law of the Straits. They run as follows:

"Article III. If Mehemet Ali, after having refused to submit to the conditions of the arrangement above-mentioned (specified in a separate Act), should direct his land or sea forces against Constan-

tinople, the High Contracting Parties, upon the express demand of the Sultan, addressed to their Representatives at Constantinople, agree, in such case, to comply with the request of that Sovereign, and to provide for the defence of his throne by means of a cooperation agreed upon by mutual consent, for the purpose of placing the two Straits of the Bosphorus and Dardanelles, as well as the capital of the Ottoman Empire, in security against all aggression.

"It is further agreed that the forces which, in virtue of such concert, may be sent as aforesaid, shall there remain so employed as long as their presence shall be required by the Sultan; and when His Highness shall deem their presence no longer necessary, the said forces shall simultaneously withdraw, and shall return to the Black Sea and to the Mediterranean respectively.

"Article IV. It is, however, expressly understood, that the cooperation mentioned in the preceding Article, and destined to place the Straits of the Dardanelles and of the Bosphorus, and the Ottoman capital, under the temporary safeguard of the High Contracting Parties against all aggression of Mehemet Ali, shall be considered only as a measure of exception adopted at the express demand of the Sultan, and solely for his defence in the single case above-mentioned; but *it is agreed that such measure shall not derogate in any degree from the ancient rule of the Ottoman Empire, in virtue of which it has in all times been prohibited for ships of war of foreign Powers to enter the Straits of the Dardanelles and of the Bosphorus.* And the Sultan, on the one hand, hereby declares that, excepting the contin-

gency above-mentioned, it is his firm resolution to maintain in future this principle invariably established as the ancient rule of his Empire; and as long as the Porte is at peace, to admit no foreign ship of war into the Straits of the Bosphorus and of the Dardanelles; on the other hand, their Majesties the Queen of the United Kingdom of Great Britain and Ireland, the Emperor of Austria, King of Hungary and Bohemia, the King of Prussia, and the Emperor of all the Russias, engage to respect this determination of the Sultan, and to conform to the above-mentioned principle."⁴²

The closing of the Straits to foreign warships in time of peace becomes a part of European public law

The significance of the Treaty of London is that it translates into European public law a principle which had previously been recognized only in the dealings of individual Powers with Turkey. The "ancient rule of the Ottoman Empire" was formulated by the Sultan for his dealings with the various States. Now "four of the leading Powers jointly recognized in a formal international instrument the applicability of the rule of closing the Bosphorus and the Dardanelles to warships of all States, whilst the Sultan, engaging to observe this rule in general, formally surrendered his former right of opening the Straits at discretion."⁴³

⁴² Hertslet, *Map of Europe*, II, p. 1008. French text in *State Papers*, XXVIII, p. 342, and Noradounghian, II, p. 303 ff. *Parliamentary Papers*, Vol. LXXXIII, No. 43, p. 20.

⁴³ Phillipson and Buxton, p. 77. By a further protocol the Porte "reserves to itself as heretofore to deliver Passes to light vessels under flag of War which may be employed according to custom for the service of the correspondence of the legations of friendly Powers." Hertslet, *op. cit.*, II, p. 1021. This was incorporated in the Convention of 1841.

The Convention of the Straits, 1841

The next year France joined in a general treaty along these lines, recognizing the obligation of the Sultan to close the Straits to foreign ships of war in time of peace. The Convention was accepted by other Powers later, and became a general rule of European international law.⁴⁴

The text of this Convention, to which discussion naturally reverts, is very brief and clear, consisting of the following three articles and an additional one dealing with ratifications:

"Article I. His Highness the Sultan, on the one part, declares that he is firmly resolved to maintain for the future the principle invariably established as the ancient rule of the Empire, and in virtue of which it has at all times been prohibited for the Ships of War of Foreign Powers to enter the Straits of the Dardanelles and the Bosphorus; and that so long as the Porte is at peace, His Highness will admit no Foreign Ship of War into the said Straits.

"And their Majesties the Queen of the United Kingdom of Great Britain and Ireland, the Emperor of Austria, King of Hungary and Bohemia, the King of the French, the King of Prussia, and the Emperor of all the Russias, on the other part, engage to respect this determination of the Sultan and to conform themselves to the principle above declared.

"Article II. It is understood that in recording the inviolability of the ancient rule of the Ottoman

⁴⁴ *Ibid.*, p. 79. The detailed story of the diplomacy of 1840-41 is given in Mischef, Chapter V, and in Goriainow, Chapter X. A good summary is given by Dascovici, *op. cit.*, p. 184 ff.

Empire mentioned in the preceding Article, the Sultan reserves to himself, as in past times, to deliver Firmans of passage for light Vessels under Flag of War, which shall be employed as is usual in the service of the Missions of Foreign Powers.

“Article III. His Highness, the Sultan, reserves to himself to communicate the present Convention to all the Powers with whom the Sublime Porte is in relations of friendship, inviting them to accede thereto.”

This Convention, reaffirmed in its essentials in the Treaty of Paris in 1856, and again in the Conference of London in 1871, was the fundamental document in the international law of the Straits down to the war of 1914. The significant phrase is short and clear: “So long as the Porte is at peace, His Highness will admit no Foreign Ships of War into the said Straits.”

V.

THE TREATY OF PARIS, 1856

The Crimean War

The Straits Convention, which had robbed Russia of its predominance in Turkish affairs could not be accepted by Russia with good grace. Nicholas began to make significant reference to the "sick man of Europe" whose inheritance should be divided among the Powers.⁴⁵ The first step toward this end, however, showed that the inheritors could not agree. The quarrel over the spoils began, not over the control of the Straits, but over prerogatives of Holy Russia as protector of the Orthodox clergy and of France as the ancient champion of Catholicism in the Orient, at the holy places in the Sultan's realm. Russia finally, unable to secure full privileges from the Porte, took matters into her own hands and invaded Turkey in 1853.⁴⁶

The action of Russia at once involved France, as Napoleon III was strongly committed to a clerical policy, and England, following its traditional lines, was drawn into common action with France in order to defend the integrity of the Ottoman Empire. The British and French fleets were despatched into the

⁴⁵ It was not a new expression. See Palmerston in the House of Commons, July 11, 1833. For the proposed partition scheme see *Parliamentary Papers* for 1844, LXXI, pt. V, I. Cf. Martens, *Traité conclus par la Russie*, XII, p. 306 ff. (Phillipson and Buxton, p. 84.)

⁴⁶ Nesselrode, the Russian minister, stated that they came not to make war but simply to secure material guarantees. It was Turkey that finally took the offensive and tried to drive the Russians from the soil of Turkey.

Sea of Marmora, technically justifying themselves by the Straits Convention. Russia claimed that, under pretext of saving Turkey, they had openly violated the Convention. The situation rapidly drifted into war, France and England declaring war on Russia after making a treaty of alliance with Turkey. The war was fought out on the Crimea, by the aid of the allied fleets which struck at the great Russian fortress on the Black Sea, Sebastopol.

In the peace negotiations, which were begun before the Crimean War was finished, the most difficult questions to settle were the questions of the Straits and the Black Sea. It was to be expected that, after a disastrous war, Russia would surrender the position it had held, with reference to Turkey, but to accept the full humiliation of a neutralized sea on its southern frontier was to accept the terms of the vanquished. This it found itself obliged to do after the fall of Sebastopol.

The Treaty of Paris, 1856

The Treaty of Paris, in which these important clauses were embodied, was the result of the Conference at Paris of the Powers of Europe (including Sardinia) and for the next fourteen years it determined the status of the Straits.⁴⁷

According to Article VII, Turkey was "admitted to participate in the advantages of the public law and system of Europe." Apart from the territorial settlements, the Treaty dealt mainly with three points:

⁴⁷ Text in Hertslet, *Map of Europe*, II, p. 1250; Phillipson, *Termination of War and Treaties of Peace*, pp. 350-7; Holland, *European Concert in the Eastern Question*, pp. 241, ff. For full discussion of the Conference of Paris see Goriainow, Mischef, Dascovici, Debidour, etc. As the treaty dealt but slightly with the Straits, Phillipson and Buxton have rather slight treatment.

the question of the Straits; the neutralization of the Black Sea; and the navigation of the Danube.

The Convention of the Straits reaffirmed

With reference to the Straits, a separate Convention between the six Powers (including Sardinia) and the Sultan, signed the same time as the Treaty and attached to it (by Article X of the Treaty) reaffirmed textually the clauses of the Convention of the Straits. A further clause was added, in view of the proposals in the Treaty itself for the control of the navigation of the Danube, by which each of the Powers was permitted to send through the Straits two light vessels of war for service off the mouth of the Danube. Otherwise the Convention which regulated the régime of the Straits in 1856 merely reenacted the Convention of 1841.

The neutralization of the Black Sea

The most significant act of the Conference at Paris, however, was the declaration of the neutralization of the Black Sea, an attempt to forestall future complications in the Near East by imposing a sufficiently sweeping prohibition on Russian preparedness. Russia was to be denied not merely a fleet on its southern coastal waters but even arsenals along its shores. The clauses of the Treaty run as follows:

“Article XI. The Black Sea is neutralized; its Waters and its Ports, thrown open to the Mercantile Marine of every Nation, are formally and perpetually interdicted to the Flag of War, either of the Powers possessing its Coasts, or of any other Power, with the exceptions mentioned in Articles XIV and XIX of the present Treaty.

"Article XII. Free from any impediment, the Commerce in the Ports and Waters of the Black Sea shall be subject only to regulations of Health, Customs, and Police, framed in a spirit favorable to the development of Commercial transactions.

"In order to afford to the Commercial and Maritime interests of every Nation the security which is desired, Russia and the Sublime Porte will admit Consuls into their Ports situated upon the Coast of the Black Sea, in conformity with the principles of International Law.

"Article XIII. The Black Sea being neutralized according to the terms of Article XI, the maintenance or establishment upon its Coast of Military-Maritime Arsenals becomes alike unnecessary and purposeless; in consequence, His Majesty the Emperor of All the Russias, and His Imperial Majesty the Sultan, engage not to establish or to maintain upon that Coast any Military-Maritime Arsenal.

"Article XIV. Their Majesties, the Emperor of All the Russias and the Sultan, having concluded a Convention for the purpose of settling the Force and the Number of Light Vessels necessary for the service of their Coasts, which they reserve to themselves to maintain in the Black Sea, that Convention is annexed to the present Treaty and shall have the same force and validity as if it formed an integral part thereof. It can not be either annulled or modified without the assent of the Powers signing the present Treaty."

The significance of the neutralization of the Black Sea

The neutralization of the Black Sea was, in a sense

an innovation in international law, since it attempted to apply to a sea a new conception, that of neutralization, to be added to those of the simple categories of Grotius, free sea and territorial sea (*mare apertum* or *mare liberum* and *mare clausum*).⁴⁸ It was an application to the sea of a principle hitherto confined to land. But the proposition was not made in the constructive sense nor applied in a way that gave promise of future development toward the great goal of generalized naval disarmament. It was a chapter of naval strategy by which the advantages of victory could be maintained against Russia. It lacked the element of internationalization, for just outside the Bosphorus the fleets of Europe could ride unchecked, and in time of war the Sultan might let them through; disarmament was enforced on the Russians alone. The complement of the plan, the neutralization of the Straits, was lacking, for Turkey was still a Power.

⁴⁸ Cf. Phillipson and Buxton, p. 99.

VI

THE TREATY OF LONDON, 1871

Russia denounces the Treaty of Paris

The years following the Treaty of Paris were those in which the nationalist spirit of Europe revealed itself in fuller and fuller consciousness as the new railways and steam shipping wrought together the economic fabric of the State, while education and the spread of journalism made possible a citizenship responsive to large political appeals. The era of Italy's and Germany's unification, and of England's world wide development, could not well leave Russia suffering the constant sense of humiliation in the limitation upon her power of defense along the whole southern frontier. But, though the Czar Alexander was deeply stung by the reminder of defeat,⁴⁹ he refused steadily to bring up the question of the revision of the Treaty of Paris so long as the proposition was likely to bring another war.⁵⁰ His patience was rewarded, however, by the year 1870, when the Franco-Prussian war offered a chance for Russia to recover what she had surrendered, since western Europe was too much preoccupied with its own affairs to interfere.

Bismarck's assent to Russia's denunciation of the objectionable terms of the Treaty of Paris was easily won, and the other Powers not being in a position to

⁴⁹ Goriainow, p. 144 ff.

⁵⁰ France approached her in 1858 before the war with Austria, and Austria after the war, 1859, and again in 1867. William I of Prussia approached her also after the Seven Weeks' War in 1866. But, although he plainly showed how he felt, Alexander refused to act.

make war, Gortchakoff sent a circular dispatch in October, 1870.⁵¹ In it Russia protested that fifteen years' experience had proved the falseness of the assumptions in the Treaty of Paris that neutralization of the Black Sea would safeguard the peace of all interested. In reality, while Russia was disarming in the Black Sea, Turkey maintained unlimited naval forces in the Aegean and Straits, and France and England could mobilize their squadrons in the Mediterranean. There was, so he claimed, a contradiction between the Treaty itself and the attached Convention of the Straits; the former forbade war-ships to sail the Black Sea at any time, the latter prohibited them from passing the Straits into the Black Sea only in time of peace. This exposed the shores of Russia to attack from even less powerful states, while Russia was unprepared. Moreover, in the interval the treaty had been modified with reference to Moldavia and Wallachia; infractions had occurred in that "whole squadrons" of foreign men-of-war had been admitted to the Black Sea, etc.⁵²

"After maturely considering this question, His Imperial Majesty has arrived at the following conclusions, which you are instructed to bring to the knowledge of the Government to which you are accredited:

⁵¹ Hertslet, *Map of Europe*, III, p. 1892; Goriainow, p. 156; Phillipson and Buxton, p. 105.

⁵² "In 1871 a return laid before Parliament showed that the number of Foreign Ships of War which had passed the Straits were: In 1862, 1 British; in 1866, 1 American; in 1868, 1 American, 2 Austrian, 1 French, 1 Russian; in 1869, 1 Prussian. It also appeared that in 7 other instances, questions had arisen with regard to the passage of Foreign Ships of War through the Straits, but that in no case had a violation of treaty been shown to have taken place." Hertslet, *op. cit.*, III, p. 1895, note. Also Young, *in loco*.

"Our illustrious Master can not admit, *de jure*, that Treaties, violated in several of their essential and general clauses, should remain binding in other clauses directly affecting the interests of his Empire.

"His Imperial Majesty can not admit, *de facto*, that the security of Russia should depend on a fiction which has not stood the test of time, and should be imperilled by her respect for engagements which have not been observed in their integrity.

"Confiding in the feelings of justice of the Powers who have signed the Treaty in 1856, as well as in their consciousness of their own dignity, the Emperor commands you to declare that His Imperial Majesty can not any longer hold himself bound by the stipulations of the Treaty of 18/30th March, 1856, as far as they restrict his Sovereign Rights in the Black Sea;

"That His Imperial Majesty deems himself both entitled and obliged to denounce to His Majesty the Sultan the Special and Additional Convention appended to the said Treaty, which fixes the number and size of the Vessels of War which the two Powers bordering on the Black Sea shall keep in that Sea;

"That His Majesty loyally informs of this the Powers who have signed and guaranteed the General Treaty, of which the Convention in question forms an integral part;

"That His Majesty restores to the Sultan the full exercise of his rights in this respect, resuming the same for himself. . . ." ⁵³

The note concluded with the statement that the Czar had no desire to revive the Eastern question,

⁵³ Hertslet, III, pp. 1894-5.

and adhered to the general principles of 1856 which fixed the position of Turkey in the European system.⁵⁴

England objects to the Gortchakoff note

England protested at once. Lord Granville, Foreign Minister, refused to admit that one signatory to a treaty could thus release itself from its obligations. "It has always been held that that right [to release a party to a treaty from its obligations] belongs only to the Governments who have been party to the original instrument."⁵⁵

"The despatches of Prince Gortchakoff appear to assume that any one of the Powers who have signed the engagement may allege that occurrences have taken place which, in its opinion, are at variance with the provisions of the treaty, and, although this view is not shared or admitted by the co-signatory Powers, may found upon that allegation, not a request to these Governments for the consideration of the case, but an announcement to them that it has emancipated itself, or holds itself emancipated, from any stipulations of the treaty which it thinks fit to disapprove. Yet it is quite evident that the effect of such doctrine and of any proceeding which, with or without avowal, is founded upon it, is to bring the entire authority and efficacy of treaties under the discretionary control of each of the Powers who may have signed them; the result of which would be the entire destruction of treaties in their essence. For whereas their whole object is to bind

⁵⁴ The circular was accompanied by special despatches to each government. See Goriainow, p. 162. (Summarized by Phillipson and Buxton, p. 107.) There is a good treatment in Dascovici, p. 230 ff.

⁵⁵ Hertslet, p. 1899.

Powers to one another, and for this purpose each one of the parties surrenders a portion of its free agency, by the doctrine and proceeding now in question, one of the parties in its separate and individual capacity brings back the entire subject into its own control, and remains bound only to itself."⁵⁶

The British Government were not (formally at least) objecting to a consideration of a revision of the Treaty of Paris, concerning which a certain scepticism had long existed in high quarters.⁵⁷ What they questioned was the right of one party to a treaty to declare it void when it no longer suited its convenience. The Russian claim, if admitted as a precedent, might undermine the whole structure of international law by reducing contracts to a mere basis of temporary expedience. There could be no stability in the international relations of the Powers if it would be impossible to calculate upon the fulfilment of solemn obligations. In short, we have already before us, in the technical language of the chancelleries, what is now so aptly known as the doctrine that a treaty may be treated as "a scrap of paper," to be torn up when more important issues seem involved.

Theory of the relativity of treaties: condition of "rebus sic stantibus"

Von Bethmann-Hollweg's phrase carries its own condemnation. But yet there is something underlying his and Gortchakoff's point of view, which international law has long recognized. Treaties must not be

⁵⁶ Phillipson and Buxton, p. 110.

⁵⁷ Gladstone stated in Parliament that Palmerston had always doubted the possibility of a lasting neutralization of the Black Sea. Clarendon had also been of this opinion. Cf. Hansard, 3rd Ser., CCIV, p. 850. Phillipson and Buxton, p. 127.

permitted to develop the rigidity of sacrosanct and immutable laws, binding like shackles the free life of nations. They are agreements reached under certain definite conditions and when those conditions are radically altered the treaties must be either revised or given up; or else the situation becomes intolerable. If, therefore, a nation is called upon to fulfil its obligation under changed circumstances, it may, in international law, plead that the obligation no longer holds when the conditions of its acceptance do not exist. This theory of the relativity of treaties to the conditions for which they were drawn up has been expressed in concise form as a principle of treaty-making. It is admitted by most jurists and by all the Governments of civilized states that "all treaties are concluded under the tacit condition of *rebus sic stantibus*,"⁵⁸ which means that they are valid only as long as the circumstances remain substantially as they were.

But the point at issue, both in 1870 and in 1914, was not the maintenance of immutable obligations in a changing world. It was simply whether one of the parties to a contract could, by invoking a *rebus sic stantibus* clause or upon the still more urgent plea of necessity—which is also admitted as a valid plea—by itself alone denounce the contract, without the consent of the other parties concerned.

Such an act upon the part of a Government would correspond, in international law, with "direct action" in home affairs. For it ignores the constitutional machinery for making or modifying international law, just as the syndicalist ignores that for domestic legislation. It is true that the international machinery is

⁵⁸ Oppenheim, *International Law*, I, p. 550. The discussion in Phillipson and Buxton, pp. 115-119, is good.

as yet so imperfect and fragmentary as almost to invite violation of its rules. In the absence of a World Parliament there is no international framework except that supplied by the bureaucratic agencies of non-representative foreign offices. It is the tradition of diplomacy to recognize this international bureaucracy in lieu of an international state and to regard its negotiated conclusions as binding in a closer sense than domestic law. And yet there is something in the very nature of most treaties which suggests their evasion. For international agreements are so difficult to reach that until recently there were relatively few that were not inflicted upon one state by another more powerful than itself. The denunciation of such treaties by their victims when sufficiently strong to violate them with impunity is open to the same kind of objection that one may raise to syndicalist tactics in the state. It tends towards anarchy. Yet it should not be forgotten that the underlying cause of most instances of direct action in either case is the failure of the national or international organization to provide adequate representative institutions through which the just demands of a minority or a less powerful or defeated state can be met. As things stand now, the substitute for an international court which should decide when obligations change is an agreement of the co-signatories. They are the judges whether any of them may be freed from a common convention. So, at least, runs the theory of international law; and its inadequacy is obvious.

The Catacazy despatches

Turning from these matters of legal theory to the practical diplomatic history of the incident in ques-

tion, we run into a strange chapter of the chronicle of Russian diplomacy as preserved for us by the Imperial Archivist, Dr. Goriainow. In the archives of Petrograd dealing with this history, there are—or were—despatches from the Russian ambassador at Washington, Catacazy, which, if taken at face value, bring the United States momentarily into the incident in a way astonishing to Americans. The story, as Goriainow gives it, is to the effect that Mr. Hamilton Fish, Secretary of State under President Grant, learned incidentally of Gortchakoff's circular letter through a telegram from Vienna. The Alabama affair was on his hands at the time, and, welcoming a possible ally against England, he strongly took the side of Russia. The United States had not been a party to the Treaty of Paris, and Mr. Fish felt free to act aggressively. He gave Catacazy to understand that it was possible to contract an offensive and defensive alliance between the United States and Russia and send an American fleet into the Black Sea.⁵⁹

Catacazy was advised to be prudent and not involve Russia by engagements with America, for much as the Czar's Government appreciated good friends it "did not wish to pull another Government's nuts from the fire."⁶⁰ This amazing interlude in the history of American seclusion from European affairs, which would have plunged the United States into the tangled intrigue of its most persistent problem, the Eastern question, has found a place in the sober pages of Goriainow; and, from there, has been summarized in the otherwise cautious work of Phillipson and Buxton, who give it full credence.⁶¹ But it rests entirely

⁵⁹ Goriainow, p. 194.

⁶⁰ *Ibid.*, pp. 194, 195.

⁶¹ Cf. p. 112.

upon the despatches of a man whom Mr. Fish himself charged with direct and wilful falsehoods and whose recall was asked by Washington in order that Washington should not, as Mr. Fish put it, be regarded as a home of intrigue, such as Constantinople. Whatever Mr. Fish said to Catacazy, it is inconceivable that he offered to force the issue with England by sending the American fleet through the Straits.⁶²

The Treaty of London, 1871

The negotiations with other states need not be mentioned here. The result of Gortchakoff's letter was a conference at London, January, 1871. Granville began business by securing a declaration on the inviolability of treaties, which preserved the British doctrine while serving as a preamble to the action Russia was demanding:

"The plenipotentiaries of North Germany, of Austria-Hungary, of Great Britain, of Italy, of Russia and of Turkey, assembled today in conference, recognize that it is an essential principle of the law of nations that no Power can liberate itself from the engagements of the treaty, nor modify the stipulations thereof, unless with the consent of the contracting Powers by means of an amicable arrangement."⁶³

After several failures to secure a statement acceptable to all⁶⁴ the Treaty of London was finally accepted, March 13, 1871. The articles relating to the Straits and the Black Sea are as follows:

⁶² Cf. *Senate Document* 5, 42nd Congress, second session, for correspondence relative to Catacazy's dismissal.

⁶³ C. 1953, p. 57. *Accounts and Papers*, 1878, LXXXIII.

⁶⁴ *Accounts and Papers*, 1878, LXXXIII, summarized in Phillipson and Buxton, pp. 122-127.

"Article I. Articles XI, XIII and XIV of the Treaty of Paris of the 30th March, 1856, as well as the special convention concluded between Russia and the Sublime Porte, and annexed to the said Article XIV, are abrogated, and replaced by the following article.

"Article II. The principle of the closing of the Straits of the Dardanelles and the Bosphorus, such as it has been established by the separate convention of the 30th March, 1856, is maintained, with power to His Imperial Majesty the Sultan to open the said Straits in time of peace to vessels of war of friendly and allied Powers, in case the Sublime Porte should judge it necessary in order to secure the execution of the stipulations of the Treaty of Paris of the 30th March, 1856.

"Article III. The Black Sea remains open, as heretofore, to the mercantile marine of all nations.

"Article VIII. The high contracting parties renew and confirm all stipulations of the Treaty of the 30th March, 1856, as well as of its annexes, which are not annulled or modified by the present treaty."

An additional convention between Russia and Turkey stated:

"Article I. The special convention concluded at Paris between His Majesty the Emperor of all the Russias and His Imperial Majesty the Sultan on the 18/30th March, 1856, relative to the number and force of the vessels of war of the two high contract-

ing parties in the Black Sea, is and remains abrogated.”⁶⁵

The Treaty of London left the Straits closed as under the treaties of 1841 and 1856, but enlarged the Sultan's power to open them to friendly Governments if he thought it necessary in order to preserve the unrevoked articles of 1856.⁶⁶ On the other hand, Russia could have its fleets on the Black Sea, which was no longer neutralized. Prohibitions were removed at both the Straits and on the Black Sea.

The Treaty of London remained in force to the present war. The Congress of Berlin (1878) put the further stamp of international sanction upon it by approving it. The diplomatic history of the Straits was not without incidents in the subsequent years, but the international law remained unchanged.

⁶⁵ Hertslet, III, p. 1924.

⁶⁶ It will be recalled that from 1841 the Sultan had been prohibited allowing ships of war in time of peace.

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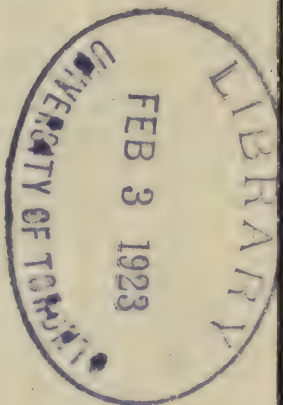
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It is the aim of the Association for International Conciliation to awaken interest and to seek cooperation in the movement to promote international good will. This movement depends for its ultimate success upon increased international understanding, appreciation, and sympathy. To this end, documents are printed and widely circulated, giving information as to the progress of the movement and as to matters connected therewith, in order that individual citizens, the newspaper press, and organizations of various kinds may have accurate information on these subjects readily available.

The Association endeavors to avoid, as far as possible, contentious questions, and in particular questions relating to the domestic policy of any given nation. Attention is to be fixed rather upon those underlying principles of international law, international conduct, and international organization, which must be agreed upon and enforced by all nations if peaceful civilization is to continue and to be advanced. A list of publications will be found on page 109.

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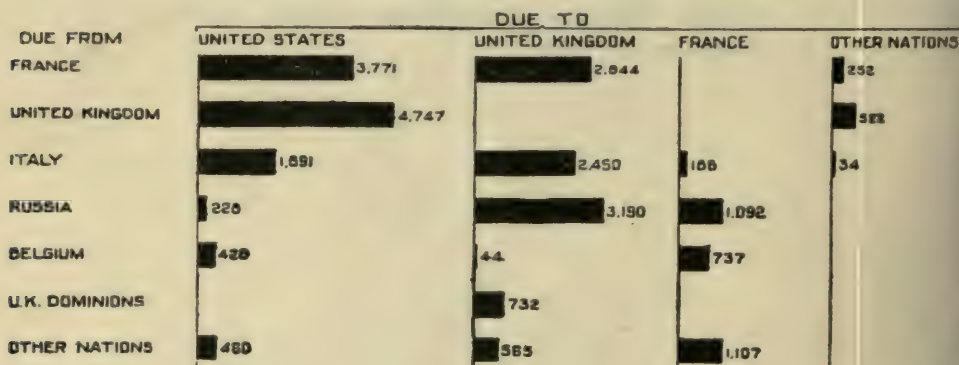
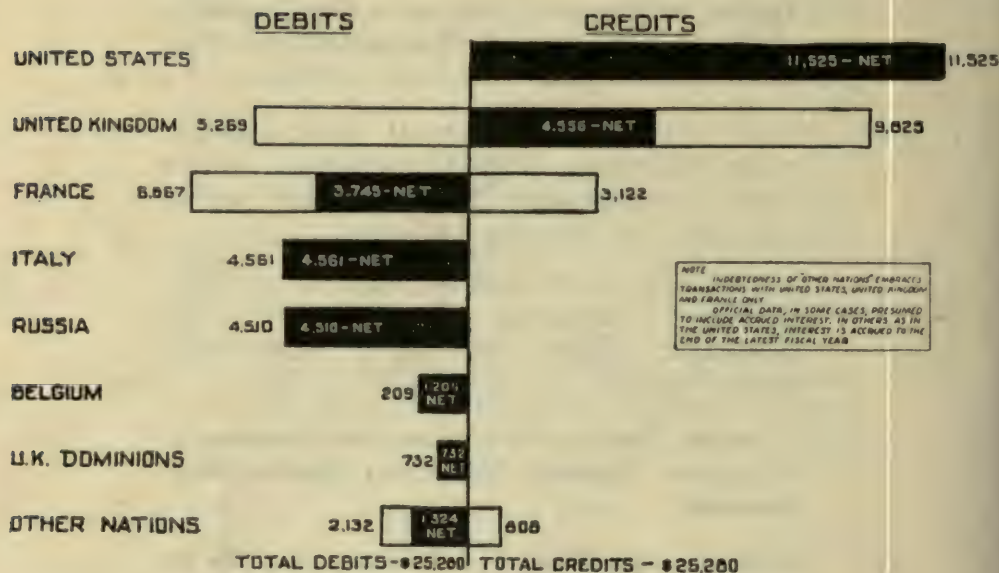
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INTER-ALLIED INDEBTEDNESS DUE TO WORLD WAR

WITH ACCRUED INTEREST APPROXIMATED

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NATIONAL INDUSTRIAL CONFERENCE BOARD
NEW YORK CITY

(FIGURES IN MILLIONS OF DOLLARS
CONVERTED AT PAR OF EXCHANGE)



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I

DISPATCH TO THE REPRESENTATIVES OF
FRANCE, ITALY, SERB-CROAT-SLOVENE
STATE, ROUMANIA, PORTUGAL AND GREECE
AT LONDON RESPECTING WAR DEBTS¹

*The Earl of Balfour to the French Ambassador.*²

Your Excellency, *Foreign Office, August 1, 1922.*

As your Excellency is aware, the general question of the French debt to this country has not as yet been the subject of any formal communication between the two Governments, nor are His Majesty's Government anxious to raise it at the present moment. Recent events, however, leave them little choice in the matter, and they feel compelled to lay before the French Government their views on certain aspects of the situation created by the present condition of international indebtedness.

Speaking in general terms, the war debts, exclusive of interest, due to Great Britain at the present moment amount in the aggregate to about £3,400,000,000, of which Germany owes £1,450,000,000, Russia £650,000,000 and our Allies £1,300,000,000. On the other hand, Great Britain owes the United States about a quarter of this sum, say £850,000,000, at par of exchange, together with interest accrued since 1919.

¹ Reprinted from the British White Paper, Cmd. 1737.

² Also to the representatives of Italy, Serb-Croat-Slovene State, Roumania, Portugal and Greece, *mutatis mutandis*.

No international discussion has yet taken place on the unexampled situation partially disclosed by these figures; and, pending a settlement which would go to the root of the problem, His Majesty's Government have silently abstained from making any demands upon their Allies, either for the payment of interest or the repayment of capital. But, if action in the matter has hitherto been deemed inopportune, this is not because His Majesty's Government either underrate the evils of the present state of affairs, or because they are reluctant to make large sacrifices to bring it to an end. On the contrary, they are prepared, if such a policy formed part of a satisfactory international settlement, to remit all the debts due to Great Britain by our Allies in respect of loans or by Germany in respect of reparations.

Recent events, however, make such a policy difficult of accomplishment. With the most perfect courtesy, and in the exercise of their undoubted rights, the American Government have required this country to pay the interest accrued since 1919 on the Anglo-American debt, to convert it from an unfunded to a funded debt, and to repay it by a sinking fund in twenty-five years. Such a procedure is clearly in accordance with the original contract. His Majesty's Government make no complaint of it; they recognise their obligations and are prepared to fulfill them. But evidently they cannot do so without profoundly modifying the course which, in different circumstances, they would have wished to pursue. They cannot treat the repayment of the Anglo-American loan as if it were an isolated incident in which only the United States of America and Great Britain had any concern. It is but one of a connected series of transactions in which this country

appears sometimes as debtor, sometimes as creditor, and, if our undoubted obligations as a debtor are to be enforced, our not less undoubted rights as a creditor cannot be left wholly in abeyance.

His Majesty's Government do not conceal the fact that they adopt this change of policy with the greatest reluctance. It is true that Great Britain is owed more than it owes, and that, if all interallied war debts were paid the British Treasury would, on balance, be a large gainer by the transaction. But can the present world situation be looked at only from this narrow financial standpoint? It is true that many of the Allied and Associated Powers are, as between each other, creditors or debtors, or both. But they were, and are, much more. They were partners in the greatest international effort ever made in the cause of freedom; and they are still partners in dealing with some, at least, of its results. Their debts were incurred, their loans were made, not for the separate advantage of particular States, but for a great purpose common to them all, and that purpose has been, in the main, accomplished.

To generous minds it can never be agreeable, although, for reasons of State, it may perhaps be necessary, to regard the monetary aspect of this great event as a thing apart, to be torn from its historical setting and treated as no more than ordinary commercial dealing between traders who borrow and capitalists who lend. There are, moreover, reasons of a different order, to which I have already referred, which increase the distaste with which His Majesty's Government adopt so fundamental an alteration in the method of dealing with loans to Allies. The economic ills from which the world is suffering are due to many causes, moral

and material, which are quite outside the scope of this dispatch. But among them must certainly be reckoned the weight of international indebtedness, with all its unhappy effects upon credit and exchange, upon national production and international trade. The peoples of all countries long for a speedy return to the normal. But how can the normal be reached while conditions so abnormal are permitted to prevail? And how can these conditions be cured by any remedies that seem at present likely to be applied?

For evidently the policy hitherto pursued by this country of refusing to make demands upon its debtors is only tolerable so long as it is generally accepted. It cannot be right that one partner in a common enterprise should recover all that she has lent, and that another, while recovering nothing, should be required to pay all that she has borrowed. Such a procedure is contrary to every principle of natural justice and cannot be expected to commend itself to the people of this country. They are suffering from an unparalleled burden of taxation, from an immense diminution in national wealth, from serious want of employment, and from the severe curtailment of useful expenditure.

These evils are courageously borne. But were they to be increased by an arrangement which, however legitimate, is obviously one-sided, the British taxpayer would inevitably ask why he should be singled out to bear a burden which others are bound to share.

To such a question there can be but one answer and I am convinced that Allied opinion will admit its justice. But while His Majesty's Government are thus regretfully constrained to request the French Government to make arrangements for dealing to the best of their ability with Anglo-French loans, they

desire to explain that the amount of interest and repayment for which they ask depends not so much on what France and other Allies owe to Great Britain as on what Great Britain has to pay America. The policy favored by His Majesty is, as I have already observed, that of surrendering their share of German reparation, and writing off, through one great transaction, the whole body of interallied indebtedness. But, if this be found impossible of accomplishment, we wish it to be understood that we do not in any event desire to make a profit out of any less satisfactory arrangement. In no circumstances do we propose to ask more from our debtors than is necessary to pay to our creditors, and while we do not ask for more, all will admit that we can hardly be content with less. For it should not be forgotten, though it sometimes is, that our liabilities were incurred for others, not for ourselves. The food, the raw material, the munitions required by the immense naval and military efforts of Great Britain and half the £2,000,000,000 advanced to Allies were provided, not by means of foreign loans, but by internal borrowing and war taxation. Unfortunately, a similar policy was beyond the power of other European nations. An appeal was therefore made to the Government of the United States; and under the arrangement then arrived at the United States insisted, in substance if not in form, that, though our Allies were to spend the money, it was only on our security that they were prepared to lend it. This cooperative effort was of infinite value to the common cause, but it cannot be said that the rôle assigned in it to this country was one of special privilege or advantage.

Before concluding I may be permitted to offer one

further observation in order to make still clearer the spirit in which His Majesty's Government desire to deal with the thorny problem of international indebtedness.

In an earlier passage of this dispatch I pointed out that this, after all, is not a question merely between Allies. Ex-enemy countries also are involved; for the greatest of all international debtors is Germany. Now His Majesty's Government do not suggest that, either as a matter of justice or expediency, Germany should be relieved of her obligation to the other Allied States. They speak only for Great Britain; and they content themselves with saying once again that, so deeply are they convinced of the economic injury inflicted on the world by the existing state of things that this country would be prepared (subject to the just claims of other parts of the Empire) to abandon all further right to German reparation and all claims to repayment by Allies, provided that this renunciation formed part of a general plan by which this great problem could be dealt with as a whole and find a satisfactory solution. A general settlement would, in their view, be of more value to mankind than any gains that could accrue even from the most successful enforcement of legal obligations.

I have, etc.

BALFOUR.

POSITION OF THE FRENCH GOVERNMENT REGARDING INTERALLIED DEBTS.

NOTE OF SEPTEMBER 1, 1922¹

Lord Balfour on August 1 handed to the French Ambassador in London, as well as to the representatives of the other European nations, Allies of Great

(¹Reprinted from the *New York Times*, September 2, 1922.)

Britain, a letter in which the British Government submitted to the other Governments its views on certain aspects of the situation created by the present status of international debts.

His Majesty's Government consequently asked the French Government to take measures to handle as best it could its debts to England while explaining that "the total of interest and payments demanded depend not so much on what France and the other Allied States owed Great Britain as on what Great Britain must pay to America."

It declared finally that it was so perfectly convinced of the bad influence of the present state of things upon the world economic situation that it would be disposed (with the reservation of the just claims of other States of the British Empire) to give up at once all right to German reparations and to repayments by her Allies on condition that this cancellation were included in a general plan by which this important problem could be dealt with as a whole and settled in a satisfactory manner.

The French Government has attached all due importance to this communication, the lofty and courteous terms of which it holds in high appreciation. It is, like the British Government, convinced that the problem of reparations can have a real solution only if it is not connected in any manner with the problem of interallied debts; it seems to it necessary that this question be examined before long in all its aspects in a conference to which should be invited without exception all the interested Allied countries. That might have been done at the last London conference if the British Government had not previously by its note of August 1 taken the position of asking the French Gov-

ernment to prepare to pay in the measure that Great Britain was obliged to pay the United States.

I believe I ought to observe that there cannot be established a close connection between the war debts the Allies contracted among themselves and the reparation debts. If the Allied Governments had not given each other reciprocal financial help from which the present war debts result either the war would have ended badly for them or it would have lasted much longer, and in either case it would have been the lending countries who by the work of their industries or by sending more troops would have had to make the effort which the borrowing countries did make in their stead.

These debts were all contracted in the interest of a common cause. The purchases which they made were all contributed to the victory. During the preparation of the peace treaties the victorious countries decided for the first time in history not to claim from the conquered country the cost of the war. If the payment of war debts is demanded these costs will fall upon those Allied countries which furnished the greatest military effort and which assumed the heaviest burden of the war.

As Lord Balfour well says, the interallied debts were contracted not for individual gain of particular countries, but for the great common purpose of all, and this purpose was entirely realized. From the moral point of view, realization of this fact would justify the cancellation of these debts. In any case, it cannot be denied that it gives to these debts a character different from that of ordinary international debts.

On the other hand, the reparation debt of Germany

is the effect of destructions which were voluntary and, for the most part, useless, and of the payment of pensions which are owed by the Allied Governments for losses inflicted by Germany.

This necessary reparation for damage done ought to be paid by Germany.

This necessary reparation (for) damage done ought naturally to have priority over all other settlements. France, who, of all the belligerent countries, was most afflicted by territorial destructions, sees herself forced, since the payments promised by Germany have not been made, to proceed herself to the restoration of other devastated provinces. It is the advances which she has made from her resources which cause the present disequilibrium of her budget.

She can in no case consider any settlement whatsoever of the debts she contracted during the war as long as the sums which she has advanced and which she will have to advance for reconstruction of her devastated regions have not been covered by Germany, directly or by means of a combination permitting her to mobilize in the near future a sufficient part of her debt.

But once Germany shall have acquitted this obligation which ought to come before all others, the French Government would not be opposed to consideration of a general settlement of international debts.

In addition, when it shall be a question of the French Government examining in particular a settlement of the British debt, count should be taken of certain considerations.

In the first place the French Government, which borrowed from the United States and from Great Britain only to cover its own purchases and without

there being any question of guarantee by a third party, must make a distinction between war debts it contracted towards these two countries. A part of the debt owed the United States was incurred after the armistice to cover the purchase of American stocks delivered to the French Government and which it resold at a profit to the French Treasury; at least this part of the debt is a commercial debt. Without doubt for the rest of the American credit to France one can use the same reasoning as for the other inter-allied debts. One cannot forget, nevertheless, that the United States entered the war without its existence being directly menaced and to defend with its honor the principles which form the basis of civilization. Whereas England, like France, had to safeguard not only her independence and the territory, but also lives and property and means of existence of her citizens.

In the second place the total of the debt to Great Britain, which in reality is not yet fixed at exact figures, should in justice be the object of revision. For example, in the deliveries of supplies and material between the Allies the English ordnance credited itself with all deliveries made at the top price and increased that to take count of "departmental expenses," which is to say overhead costs and export duties collected by the British Government, whereas, on the contrary, the French ordnance charged its deliveries to the British Army at the interior rate paid for French deliveries to the French service without taking count of overhead cost or taxes.

Thus, when the status of payments made for the reparation of devastated regions in France shall permit of a settlement of debts among the Allies, this settlement should be preceded by a careful study, to

reduce the total of the debts to fair figures established upon an identical basis. It should, besides, be as general as possible. The Government of the Republic asks in this respect to be treated as it treats our common Allies. However, it does not ask the payment of sums which our Allies owe it; it takes account of the fact that, morally and materially, such a claim is indeed inadmissible, and does not even think of making this.

While rendering homage to the spirit in which the British Government desires to discuss the problem of international debts, the Government of the Republic believes it must draw its attention to the considerations mentioned above. With this reservation, it considers also that a general settlement of these, if it were acquired at the price of reciprocal sacrifices, would be to the profit of humanity.

(Signed) RAYMOND POINCARÉ

Paris, September 1, 1922.

II

THE AMERICAN BANKER'S
RESPONSIBILITY TODAY

By THOMAS W. LAMONT

*Address Delivered at the Convention of the American
Bankers Association, New York City**October 3, 1922*

As chairman of the local Reception Committee and in behalf of New York's bankers and citizens generally, I bid you welcome to this city. We want you to feel that New York City is your city—not for this convention week alone, but for all time. For we would have you believe with us, once and for all, that New York is not local to the Atlantic seaboard, but is countrywide in its interests, in its achievements, in its attachments. There exists in this country today far too much in the way of sectional feeling—a feeling which, if not tempered by more intimate intercourse and common experience, means disunity for our country. To prevent any such unfortunate tendency is the part of all of us.

New York is not made up of a citizenship separated by some mysterious distinction from the rest of the country. On the contrary, it is composed largely of men and women from every locality in the four quarters of America. Except for its size, it might be any other great American city. Broadway is another name for Main Street. Let me tell you in a word how we in New York feel. We feel that we have a share

equal with you all in the life and the ambitions of our country from the Atlantic to the Pacific. We have the same satisfactions, the same pride as you in the great manufactures and the wonderful agriculture of the Mississippi Valley, in the cotton fields of the South, in the wheat prairies of the Northwest, in the rugged grandeur of the Rockies and Sierras, in the fertility, the color, the charm of the Pacific slope. These great resources, the common inheritance of us all, which your boundless energy and capacity have developed to the benefit of the world, command our admiration and our gratitude.

In the same way do you all share deeply in whatever this City of New York possesses in the way of fine tradition, of character, of enterprise and accomplishment. Whatever it has builded for the stability and security of our country, you have had a share in that building. Whatever it has accomplished in the less material things of life, in music, letters and the arts, to such accomplishment, I say, you have contributed generously and in a portion that could never have been spared. Therefore it is that we would have you feel that New York belongs to the country and the country to New York. Therefore it is that we would have you return here, time after time, members with us of a closely joined family, sympathetic in understanding, close in aspiration, warm in mutual affection.

DOMESTIC BUSINESS CONDITIONS

Our President here has asked me to say something about American business today, both domestic-wise and as it is affected by conditions abroad. As to the domestic situation by itself there would appear to be little cause for conflicting views. We seem to be well

into the final stage which, as the records of decades show, marks the end of one business cycle or the beginning of a new one. I hardly have to recall to you the successive stages of our business triumphs and our trials. First was the end-of-the-war phase of huge demands for commodities of all kinds, of swiftly mounting prices, of constantly expanding business and accompanying inflation. Second came the storm signals, namely, the heavy drop in security values in the last half of 1919. Third came the swift fall in commodity prices, not in America alone but all over the world—a fall that would have spelled disaster to American business had it not been for the sagacity and courage of you bankers here before me, backed up by the Federal Reserve System with a fine common-sense Southern banker at the head of it, Governor Harding of the Federal Reserve Board! Fourth in this cycle came finally the ease in money which denoted the flattening of prices with business on its back. That easing of money became marked in the summer of 1921, and now, as has been the case in other business cycles, we have, after a twelve-month of easy money, begun clearly to move forward again. We have had rude buffets and deep wounds. But American business has at last, with characteristic courage, bound up its bruises and is slowly moving on to new goals.

Yet, despite clearing skies and fair weather, we have not yet cause for unbounded confidence. We must not forget that, before the race is won, we still have some hurdles to jump. What are some of these hurdles? Our farmers would tell us that a chief one is the low price prevailing for farm products. They say, "Yes, this is a big season for crops, but our net

money gain will be small." You know what the figures show, but here is the estimated comparison between our crops last year and this:

	1922	1921
Wheat.	818,000,000 bushels	795,000,000 bushels
Corn.	2,875,000,000 bushels	3,080,000,000 bushels
Oats.	1,255,000,000 bushels	1,061,000,000 bushels
7 Cereals.	5,274,000,000 bushels	5,195,000,000 bushels
Cotton.	10,600,000 bales	8,000,000 bales

I shall not attempt to argue the point of lower prices; but I never knew any country to "go broke" because of its abundant crops. So, even though our farmers suffer disappointment, I think the low-price hurdle is the easiest one to jump. The farmers had high prices in 1919 and 1920, but the aftermath was a serious one for them. In the long run they, like all of us, will fare better on a moderate price scale, with small fluctuations.

THE PROBLEM OF LABOR AND CAPITAL

What other hurdles have we to leap in our race for prosperity? Certainly our labor strikes form one, and a big one at that, even though the worst may now seem to be over. We all say that we deplore these wretched struggles, yet the extent of our regret must be measured by our endeavor to prevent their recurrence; by our attempt to reconcile the conflicting views. As bearing upon this situation, I ask you, who are so influential in counselling large men of business, to remember that in this country there are still traces of arrogance among employers, as there are manifest signs of arrogance in labor. Yet the employer has even less excuse

for arrogance than the laborer. The high wages of the war and of the years just after had, not unnaturally, a somewhat "spoiling" effect upon labor. They gave labor the feeling that it must always share in the prosperity—never in the adversity of business. I deplore that feeling; yet I beg to remind you here that that feeling of labor, in so far as it was directed to the improvement of living conditions, to the gaining of a little leisure and of the time to play and be happy, was wholly right and to the advantage of the community. From such men as you, such ambitions on the part of labor, moderately and wisely directed, should have every possible encouragement.

The problem of capital and of labor will never be wholly worked out. People talk as if it were an example in arithmetic, capable of a final solution. It is no such thing. It is a problem of human beings: therefore, of emotions, gropings, longings and ambitions. We can meet it only little by little, and only then if we put ourselves in the other fellow's shoes and get his viewpoint. Do you and I want to change our jobs of long hours, evening conferences, heavy and continuing responsibility, for the job of the man who has the chance in his daily work to relieve his brains with the work of his hands? Some days no doubt we all feel like it; but whether we would make exchange or would not, it is our responsibility to study more fully than we do today the conditions of labor and to be sure that, by and large, every competent worker (be he in the office or in the field) has an interval in the drudgery of work for that enjoyment of life that will make him a more contented and better citizen. In this matter you and I have a responsibility that we cannot dodge.

POLITICS AND BUSINESS

What other hurdles have we to jump? If I should answer—politics—the response might well be that politics are always with us and must ever be reckoned with as a handicap upon business. If that is true, it is our own fault in the men whom we select to legislate for us. The hurdles against business which politics set up are likely to be more formidable in the continued unsettlement which they threaten than in the actual results of legislation. That is the reason that the Bonus Bill, with its threat to tax several billions of dollars more out of the American people and distribute the fund in such a way that probably no one would receive real benefit, has been a hurdle to business. That is the reason that President Harding's ringing veto of the bill has created such a feeling of relief in the community.

The tariff measure is of a somewhat different order. We shall be fortunate indeed if we do not find that in practice it protects a lot of industries that do not require protection, and cuts off from our farmers and manufacturers a lot of foreign markets that are ready to buy our commodities. Many of our people still fail to realize that the word "trade" means, in the final analysis, an exchange of goods or services. Many of us still cling to the idea that international trade, as the term applies to America, means that we can sell freely to all the markets of the world and in turn need buy from them little or nothing. This theory, which seems to be the basis of much of our tariff legislation, will, if pursued, surely wreck a big part of our foreign trade. If there is any one motto which American producers and legislators should learn by

heart, it is that oft-repeated one of the British merchants, who, over a century ago, declared that "He who will not buy, neither shall he sell."

Now, let us cast our eyes across the ocean, and see if we can derive any comfort from that situation. With war and rumors of war, with the Turk—the "Sick Man of Europe"—suddenly alive and kicking the Greeks all around the lot, with Russia, Germany and Austria what they are, with Ireland still in a ferment, we may well wonder what end is in sight. Yet to say that Europe has "gone all to pot," or in fact to give vent to broad generalizations about Europe, is very dangerous. On the surface, yes, things look about as bad as they could. But you bankers, when you are sizing up a customer, look far beyond his mere written statement. You take into consideration his character, his life-long record and many other factors not plainly visible. So, in any size-up of Europe, we must take into account the invisible factors. And I say to you that these invisible forces are saving Europe today. Politically, Europe may be in the doldrums or worse; but economically (though many people may disagree on this point) I, for one, believe that Europe is on the mend.

INVISIBLE FORCES SAVING EUROPE

What are these invisible forces that, I maintain, are so great as more than to offset the visible and unfortunate factors in the European situation? The first of them is productivity. Those forces that for almost five years were given over to the killing of men, are now being devoted to the growing of crops, to the making of goods. Second, trade is on the increase; not only as to Great Britain, the traditional merchant of

the world, which is already well on her feet, but as to the whole continent of Europe, even including Russia. England has, since 1919, paid off £275,000,000 of her external debt—an amount equivalent to one and one-third of America's entire national debt prior to the world war. Last year France reduced the trade balance against her from an adverse figure of 23 billion francs to 2 billion francs.

The third point is that the people of Europe are saving. The war and its aftermath meant an orgy of spending. Now saving is taking its place. Politicians may disagree every morning upon the settlement of the reparations question, but meanwhile the brave French peasant, day by day, is growing his wheat, is saving his centimes. What, by the way, is the amount of savings that the French people have invested in their own government securities since the war? One hundred billion francs.

As to Russia, just as I was leaving London early in the summer, practical business men, familiar with Russian conditions, made this prediction to me: That there are two ways, one akin to the other, in which the Russian situation will gradually improve. One is that the Soviet Government will begin to persuade foreign engineers, manufacturers, and other technical experts to return to Russia and take in hand various units of production and transportation. The second is that foreign merchants will open up more active trade—not direct with Russia, which seems for the moment impossible—but with the buffer states like Latvia, Esthonia, etc., whose merchants (having formerly been a part of it) know Russia perfectly; and in return for shipments of goods into Russia can secure payment in kind or in some other way not open

to the ordinary foreigner. One of my friends described these two processes as to Russia as akin to the isolated skin-grafting operations that are sometimes undertaken upon a bad burn on the human body. A lot of little patches of healthy skin are stuck here and there, gradually grow and after a time, with good luck, come together and cover the whole burn. I was inclined to think this a pretty good metaphor and to believe that this prophecy as to Russia was not unlikely of fulfillment, even though the time involved may be long and weary.

GRIEVOUS LOSS OF MAN POWER

Grievously as the Continent of Europe has suffered from the war, I would remind you that we are too apt to reckon such losses in material terms—in the destruction of dwellings, of mines and of means of production. Europe's greatest loss, one for which not only she but the whole world must suffer for generations to come, is the death of millions of her young men; vital, eager, ambitious; singers, painters, poets; men of imagination and of genius, upon whose ideas a great portion of the world depended for its future progress, for its discoveries in science, for its inspiration in the arts. Do you remember those lines of young Rupert Brooke, himself destined a little later to lay down his life in the great cause:

"These laid the world away; poured out the red
Sweet wine of youth; gave up the years to be
Of work and joy, and that unhopèd serene
That men call age; and those who would have been,
Their sons, they gave, their immortality."

And Europe's great tragedy has been the loss of such lives and the upset of her social structure, the restora-

tion of which will require far more of time and patience than the repair of the material destruction wrought upon her. It is to such spiritual repair that America can by thought, by insight and sympathy contribute even more than in material ways. And upon us bankers and business men falls the responsibility of encouraging in this country the education and inspiring of our young men to high and generous ideas. For it is our young men, trained in imagination and initiative, that, in the next decade or two, must supply to Europe some of the vitality that lies stilled forever beneath the mud of Flanders.

Remember, too, that Europe cannot be restored by formulas. No scheme can right the world. Neither statesmen, economists, nor bankers can devise a plan of salvation. Only the people can save themselves, and that through the exercise of the old-fashioned virtues of hard work, of thrift, of kindliness and co-operation—coupled with wise and courageous leadership. And that is the point that leads me to emphasize the title which I have given to these scattered remarks of mine: "The American Banker's Responsibility Today."

AMERICA'S GOOD FORTUNE

First, I want to remind you of the great privilege it is to be an American citizen today. This is still the country of great opportunity. The great, open spaces of this North American continent have given us justification for boundless vision, for generous impulse, for glowing optimism, for helpful cooperation in all directions. Just to be born an American, free from some of the clinging prepossessions of the Old World, is in itself an inheritance and a career.

Are we today realizing our opportunities? As to our purely domestic situation, I should reply, on the whole, yes! Our people are generally working in a worthy way towards worthy ends. They are meeting most of our strictly home problems with candor and good sense. If, as a people, we have a lack, it is that not often enough do we "pause in living to enjoy life." We are sometimes apt, in our eagerness for quantity, to overlook quality. We let our days and our passing pleasures grow elaborate and complex, forgetting that moth and rust corrupt and that ideas and ideals are the only things that endure for the ages. America within itself is, I repeat, a land of generosity and co-operation. Throughout our great and growing commonwealths from east to west we see public spirit, eager and intelligent; we see warm hearts, fine impulses, directed toward noble ends. But are we bringing this native American idealism—that same idealism that has led us, in five of the six wars that our nation has waged, to battle for high principle—are we bringing that same inspiration to our relations with the world at large? That is the question that, with searching earnestness, you and I may well put to ourselves today.

INTERALLIED DEBT PROBLEM

In this connection, there is no concrete problem more vital for us to study with clear and generous vision than that of the so-called interallied indebtedness. From the purely American view there are certain points important for us to bear in mind. It has been said many times in the last twelve-month that the one adjustment essential to the settlement of Europe is the German reparations question. I agree

that this has been, and is, a question of great importance, but it seems to me that it has now become secondary to the general one of interallied debts. Of course, in a way of speaking, it is simply a part of the latter question, because Germany's indebtedness to the Allies is international in character. In our discussions of reparations over here, the American attitude has, on the whole, been critical of the French for apparently not realizing more quickly the facts of the situation and thus drastically scaling down the reparations payments. In fact, many critics over here have been advising France to forgive a good part of the German debt. To these critics Frenchmen have not unnaturally replied: "It is easy for Americans to advise us to forgive German debts due to us in repair of the frightful havoc caused by Germany upon our homes and industries; but what about America, in turn, doing a little of the debt-forgiving business, especially as the debts that were contracted with the American Government were made in order to enable us, in large measure, to do America's fighting before her own soldiers got into the firing line." I am not going to argue this point. I simply bring it up so as to ask you to give it your further thought and study—whether there may not be some reason in the French attitude.

The reason why I say that reparations has now reached a stage secondary to the larger question of interallied indebtedness is that, while no reparations adjustment has yet been reached, nevertheless public opinion on the other side has now advanced to a state where, when the reparations question comes up again next November, it ought not to be impossible to settle. In other words, over a year ago,

the British realized that the Germans could, or would, never pay anything like the reparations total fixed in the Versailles Treaty. Later the Belgian Government became similarly convinced, and now in France, as I have talked there with many classes of representative Frenchmen, there has come to be the same recognition of the fact that Germany cannot pay the huge totals set forth. The French Government, however, has, not unnaturally, taken the position that it could make no official acknowledgment of such a general fact until such time as a possible settlement was offered. The French thesis is that if Germany cannot pay what she has promised to pay, let her come forward and state just why she cannot, and what and when she can pay. Up to date the French declare they have not received any clear-cut proposition from Germany covering these points. They say that when they receive such a proposition, they will be prepared to act. I bring out this point of view, because I feel that while to many there may have appeared to be something "hard-boiled" in the French attitude, it is only fair to analyze that attitude and see what it really is.

THE SUMS OWING TO AMERICA

Further, when it comes to this question of inter-allied indebtedness, suppose we put to ourselves, in all seriousness, that point that the French have put to us, namely—"Is it fair for us, inasmuch as we seem to be urging France to forgive part of the German debt in order to effect economic adjustments in Europe, to do a little forgiving ourselves?" As we put this point to ourselves, suppose we spend a moment in looking at the amounts of governmental indebted-

ness owing to our Government. Just for record, I will mention again the rough totals by countries:

Armenia.....	\$11,959,917
Austria.....	24,055,708
Belgium.....	377,564,298
Cuba.....	8,147,000
Czecho-Slovakia.....	91,169,834
Esthonia.....	13,999,145
Finland.....	8,281,926
France.....	3,358,104,093
Great Britain.....	4,166,318,358
Greece.....	15,000,000
Hungary.....	1,685,836
Italy.....	1,648,034,050
Latvia.....	5,132,287
Liberia.....	26,000
Lithuania.....	4,981,628
Nicaragua.....	170,585
Poland.....	135,620,583
Roumania.....	36,128,494
Russia.....	192,601,297
Serbia.....	51,153,160
<i>Total.....</i>	<i>\$10,150,154,196</i>

Now as to this indebtedness, early last spring, Congress passed a law under which the President appointed a special commission to negotiate with the foreign nations the handling of their indebtedness. The power of this commission, however, was strictly limited by law. It must require the borrowing nations to pay off their entire indebtedness within twenty-five years and meantime to pay interest at an average rate not below $4\frac{1}{4}$ per cent. Of course, such provisions leave little room for negotiation. Under that bill about all that the European nations can do is to "sign on the dotted line," or else to decline to sign,

on the ground that they know that they will not be able to live up to the specified obligation and, therefore, feel it impossible to commit themselves to a promise that they cannot carry out.

Now, being all, I hope, practical men, I think it behooves us to scrutinize this situation and to look into the various factors bearing upon it. Let us, by investigation, determine what, if any, of these debts are in any event uncollectible, and so should be written off in order to "quit fooling ourselves." Let us decide what others of these debtors are good in part but must be given ample time to pay in—far longer perhaps than twenty-five years. Emphatically, let us figure to see whether the payment of these debts (which inevitably must mean a great increase in our import and a heavy decrease in our export trade) is going to prove an asset or a liability for American business.

SHOULD THE DEBT FALL INTO TWO CATEGORIES?

I have never been in favor of wholesale cancellation of the allied indebtedness, nor am I today. But there is one phase of the whole question, worthy of study, which has practicality in it and also some sentiment. It is based on the following fact, namely, that about one-half of the total indebtedness shown in the foregoing table was contracted between April 4, 1917 (when Congress declared war against Germany), and the date a year later when the American army for the first time got its soldiers into the trenches in any considerable numbers. Can it not, with much reason, be argued that whereas during this period of one year we were wholly unable to furnish soldiers to fight our battles for us, at least we were able to furnish arms and munitions? We did furnish these, but not as a free

contribution to the war, for during that period the Allies were purchasing these commodities in America and were paying for them by contracting the debts just described. Ought, therefore, any part of this first half of the debt to be cancelled by the American tax payers? I do not attempt to answer that question, which of course has been raised many times heretofore. I simply bring it up again and urge you to think about it, and if, and when, you reach a conclusion, express that conclusion out loud. One thing is certain: if someone on April 4, 1917, had been able to give us our choice as to whether we should rather give up freely and for all time five billion dollars in money or give up the lives of several hundred thousands of our sons, there would have been no hesitation as to our choice. Fate, however, was the one that determined that choice. It determined that Great Britain and France should give up the lives during that first year, and that we should furnish, not our blood but our money; taking, however, in place of it the promises-to-pay of our Allies. No other policy at the time could have been followed, I grant you, but now that the war is behind us and we can take a long look back, is it wise for us, is it just, is it generous to make some composition of this matter? What is your opinion?

In making up our minds as to the proper answer, let us recall a phrase that of late years has been much used here, and sometimes misused—"America First." What does "America First" mean? Does it mean that we shall strain every nerve to make America first in wealth and prosperity? If so, we have already attained that ambition. Already we hold two-fifths the entire world's stock of gold. We produce 54 per

cent. of its cotton; 45 per cent. of its grains; 60 per cent. of its copper; more than half of its iron and steel. Is there any field of material accomplishment that we are not pre-eminent in?

As to science, no ambition could be more exalted than to have America first in that field. And we may well be glad and proud that in so many lines of science, especially perhaps medicine and pathology, this country is in the van; its progress being manifestly due not only to the zeal and skill of our scientists, but also to the boundless generosity of those men who have used their wealth to relieve and to bless mankind.

In education, too, America is in the front rank, and even though in systems for training the minds of our young we may have much to learn, yet no one can deny that in our scheme of general, free schools for the youth of the land we probably surpass any other country in the world. Likewise in our charity, America's record is a noble one. Who can forget the colossal sums for relief that our people freely gave, during the war and after? Mr. Herbert Hoover estimates these sums to have aggregated \$1,204,343,000 down to the summer of 1921. Of this amount approximately \$200,000,000 was sent abroad after the Armistice to feed the hungry and clothe the naked.

ARE WE DOING OUR FULL SHARE?

Yet with all this splendid record of liberality and accomplishment, I again put the question whether you and I and our fellow citizens generally are doing our full share to solve the weighty, the tragic questions that are weighing upon the world? Are we giving to the solution of those questions the best that is

in us—our constant study and thought, the willingness to sacrifice? I make no appeal to you for the immediate material aid of the world that lies beyond the Atlantic and Pacific. I make appeal to you, and to myself, for something far more rare—for our assurance to them that we are with them in mind and in spirit in the solution of their difficulties; that we are once again ready, as we were in the Great War and as our forefathers have been for one hundred and fifty years, to suffer if need be, and to yield up something of ourselves in the general cause of world justice and peace.

Concretely, may I digress for a moment to mention two situations with which in the past two years I have become somewhat familiar? One of these is the Far East. The other is Mexico. Across the Pacific, Japan is our nearest neighbor. Do not gain the opinion that the Japanese people are a sharp, tricky nation, unfriendly to us and wanting to get the advantage of us. It is not so. The Japanese nation as a whole is exceedingly anxious for our goodwill and friendliness and will go far to gain and retain our cooperation. Nothing, I believe today, is, in their own opinion, quite so vital to them as an unbroken friendship with their neighbors of America. But it was upon the transcendent problem of China that I particularly wanted your thought. There is a great people—four hundred millions of them—a people high in the arts and in civilization three thousand years before Columbus came to America. But in these modern days their antiquated system of government has broken down. And trusting America, these great people of China—sober, peaceful, honest, industrious and intelligent—ardently desire the guidance of

America. Any question affecting the peace and development of the whole Pacific basin must be of interest to us, and no task of greater magnitude and import waits upon us than to assist in the solution of China's difficulties. That is why I regard the Pacific Four-Power Treaty reached at Washington last winter as of such supreme importance to the Far East and as calling for the study and loyal support of every American citizen.

THE SITUATION AS TO MEXICO

The other concrete situation which I had in mind was nearer at hand; our next neighbor to the south. To Mexico, as to China and Japan, duties not of my own seeking called me not long ago, and much time has been spent in an endeavor to assist Mexico in what I believe to be a sincere attempt by her present Administration to work out the problem of her foreign indebtedness. Any such attempt, if carried out in good faith and effectiveness by the Mexican Government, must be bound to impress the world. And what I ask of you now is to give some little thought to this near neighbor of ours. Do not accept the "hard-boiled" opinion of your neighbor that "Mexico is hopeless" or that "all the Mexican people care about is to fight revolutions." No such opinion is true. No such opinion shows any scrutiny of the facts. Study the situation for yourself and you will find this to be true: that during the administration of Porfirio Diaz, intelligent and high-minded as he was in so many ways, millions of the Mexican people had almost no opportunity to improve their position either by acquiring education or becoming, even in part, owners of the land which they cultivated. So that the revolution

which overthrew Diaz and the revolutionary movements that succeeded it—misdirected though some of them were—were, in general, efforts to relieve and uplift the great mass of Mexican people. Remember this and you cannot fail to have more sympathy with the situation today. Of course, the movement to reform, like all such movements in history, went too far. The pendulum swung away to the left. Trying to correct admitted evils the Republic created some new ones and adopted a constitution which is subject to criticism, not so much on the ground of its radicalism, as upon its unworkableness. The present Administration in Mexico is, I believe, making an earnest effort to change the workings of that 1917 Constitution so as to give the country a sound basis to work upon and its foreign investors adequate security. Because, however, the process is slow and halting, we have no cause for despair. On the contrary, there is strong ground for hope, always provided that you intelligent leaders of our community take the trouble to study the facts, and never be wearied in your patience and sympathy for that neighbor whose frontier marches for sixteen hundred miles with ours from the Gulf of Mexico to the Pacific.

To the problems then of these two neighbors of ours to the south and across the Pacific, I ask you to give your personal thought and interest; pointing out to you meantime that the situation of Europe is inescapably joined with that of our own. In a material way we have made many nations, as Mr. Wickersham has said, dependent upon our own surplus products, and ourselves, in turn, dependent in part upon their markets. But, as I have said, the cooperation that I ask first for them is not economic. It lies in under-

standing and in sympathy. The shot that was fired at Lexington in 1775 was heard around the world. At that moment America set aglow a new beacon to light the way to freedom and liberty for generations on both sides of the ocean. But now that we have won so far on the way to a splendid national achievement, to well-ordered freedom, to prosperity and contentment, have we no flaming torch of leadership that we can raise before the eyes of the many millions who, since the Armistice, have been looking in vain for it?

AMERICA AT THE PARTING OF THE WAYS

Finally, do not forget that, as these nations of Europe face great dangers, America too is facing a crisis, though of a different order. We have gained great power. With the power goes weighty responsibility. Have we discharged it? For the period of the world war, my answer is yes, a thousandfold yes. For the period since the Armistice, can any one of us search his heart and answer, yes? We have, it is true, offered criticism to the nations of Europe. We have shouted advice across to them. But we have been timid and fearful of petty entanglement. Now we have, it would seem, come to the parting of the ways. Shall we meet the responsibility that has come with our power—or shall we fail? Shall you and I give our mind, our understanding and our sympathy to these problems or shall we stand aside and add to our national stock of gold? Shall we urge upon our national Government active cooperation in the counsels of the mother country and of the Old World? Or shall we keep silent?

Nineteen hundred years ago there was One who said: "For unto whomsoever much is given, of him

shall be much required." And again a little later: "With what measure ye mete, it shall be measured to you again." What shall we measure for ourselves? Shall it not once more be the courage that is America's tradition? Shall it not be the generosity as well as the justice that, among all the nations of the earth will in truth and in name make "America First"?

III

REPARATIONS AND INTERNATIONAL DEBTS

By THE RT. HON. REGINALD MCKENNA

Chairman of the London Joint City and Midland Bank, Limited
Address Delivered at the Convention of the American
Bankers Association, New York City,
October 4, 1922

When I received the honor of your invitation which I greatly appreciated, I must confess I had many misgivings. I knew it would not be a light task to address an audience whose collective importance in the world of finance is unrivalled. I remembered, however, the cordial friendship which has always existed between American and British bankers, and as I realized that your invitation was a further evidence of this friendship my hesitation gave way and I gladly decided to come.

Let me begin with an explanation of my choice of subject. I thought at first that some professional topic should be selected, but I soon came across a serious difficulty. There is a much greater difference between the law and practice of banking in America and England than is generally supposed, and I felt that I should be liable to be misunderstood unless this difference were constantly borne in mind. This very meeting will illustrate the point.

I understand there are over thirty thousand separate banks in the United States, a large number of

which are represented here. In the whole of Great Britain we have only thirty-nine. But with us the branch system is so highly developed that these few banks have no less than 9,650 branches, of which 6,800 belong to five banks alone.

DIFFERENCES BETWEEN BRITISH AND AMERICAN BANKING

The main distinction is that our banks are regarded by the legislature as ordinary corporations or companies, while yours are subject to special legislation in regard to nearly all their activities. You have a limit prescribed to the amount of a loan to any one customer. Certain loans are prohibited and others are restricted. Your investments are regulated. You are subject to limitations in incurring contingent liabilities and you are bound to maintain minimum cash reserves. We have none of these restrictions. Alone amongst deposit banking countries, the United States protects depositors, some of the states going so far as to prescribe a system of guarantee.

BRITAIN'S CENTRAL BANK SYSTEM

We differ also in our central bank policy. You have adopted the Federal Reserve System under which there are twelve Federal Reserve Banks in twelve districts. In England we have a single central bank of issue, a joint stock corporation which deals with private customers as well as with the Government and the banks. Your Federal Reserve notes are issued against gold and self-liquidating commercial paper. Our Bank of England notes are issued against gold only, with a fiduciary issue of £18,450,000.

The principles of sound banking are the same everywhere, but our countries diverge in law and practice. This is natural: British social and political conditions differ so much from yours that the same banking system could hardly be appropriate to both. Perhaps we have each something to learn from the other, but I am sure any hasty attempt to establish a common procedure in the two countries would be unwise. As our development has progressed each nation has adapted itself to its environment, and such changes as we may make in the future must conform to the habits and traditions of our peoples.

With these thoughts in mind I found it very difficult to select a technical banking subject for discussion today. However careful I might be I felt that, unless accompanied by much tedious explanation, my language, associated with ideas related to English practice, would be liable to be misunderstood by you whose associated ideas are so different. I resolved therefore to pass over professional banking topics and to look for a subject of general interest to the business community. What should this be?

REPARATIONS AND INTERNATIONAL DEBTS

In their report to the Reparation Commission the Bankers' Committee which sat early this summer in Paris laid stress upon the need to resume normal trade conditions between countries and to stabilize exchanges, and they came to the conclusion that neither of these aims could be accomplished without a definite settlement of the reparation and other international debts. Here then it seemed to me was a subject for my address.

There will be general agreement that there is no

matter of more deep concern to the world's trade at the present time than reparation payments and international debts, and I trust therefore you will not deem it out of place that I have chosen this subject for discussion today.

There are two preliminary observations which I must make. The first is that I speak as a banker expressing my personal views. I have nothing to do with politics and I do not appear here in any representative character. I approach the question solely from the economic point of view and my endeavor is to determine so far as I can the limit of the debtors' capacity to pay, and the effect of payment upon the world's trade. Our duty is to satisfy ourselves on the financial possibilities of the case. It is not what the debtors may justly be called upon to pay, but what they are able to pay, which we as business men, anxious to discover the conditions upon which trade prosperity is founded, must consider with the most careful attention.

My second observation is to meet a possible criticism. How can I, a member of a nation which is one of the debtors of the United States, speak freely to an American audience upon international indebtedness? The primary and essential duty of a debtor is to discharge his liability, and, until this is done, all observations on the origin of the debt and on the economic consequences of international payments are liable to be viewed with suspicion. A creditor may, if he like, open up questions of that kind, but a debtor should admit his obligation without further discussion. I recognise that these are objections which I must answer and I believe that I can do so conclusively.

In the course of my argument I shall show that

England has the ability to pay, and, once that is established, I can unhesitatingly assert her determination to honor her bond in full. I believe I am justified in asking you to treat England's debt to the United States as certain to be provided for, and, if this be conceded, we shall be free to consider the question of the remaining international debts as one in which America and England are equally concerned and in which both have the same interest as creditors.

MAGNITUDE OF THE WAR DEBTS

First, let us look at the magnitude of these international debts. The greatest of all is that of Germany for reparations, a debt of which the United States declined to receive any share. The amount was not defined by the Treaty of Versailles, but subsequently by the London ultimatum it was put at 32 billion dollars, at which amount it stands nominally today. Of the remaining debts the liability of France to the United States and Great Britain is $6\frac{1}{2}$ billion dollars, and of Italy to the same two countries $4\frac{1}{2}$ billion dollars. Russia owes these countries $3\frac{1}{2}$ billion dollars and a further 1 billion dollars to France. These are the principal debts; the others are all comparatively small in amount. Of the creditors of the European continental governments England is the greatest.

We have no record in history of international claims of this magnitude. The indemnity exacted by Germany from France under the Treaty of Frankfort in 1871, in round figures 1 billion dollars, created the largest debt between Governments ever known until the recent war, and is the only precedent we have of a considerable international payment. It is of interest

to recall how the liability was discharged. Payment of 150 million dollars was made in gold and silver coin and in German banknotes and currency collected in France and the balance in foreign bills, chiefly German currency bills.

HOW FRANCE PAID THE 1871 INDEMNITY

The precise form in which the payment was made is, however, comparatively unimportant. For our present purpose the significant question is how France procured the means of payment. She was bound to acquire German marks or foreign currency exchangeable for marks, and to do so she had either to find German or other foreign buyers for such things as she had to sell or to obtain foreign subscriptions to her loans. Very considerable sales were made of foreign securities owned by French nationals, the French loans were largely subscribed externally, and the export of French goods was so much increased that an average excess of imports of 65 million dollars a year in the four years 1868-1871 was converted into an average excess of exports of 46 million dollars a year in the four subsequent years. By September, 1873, the whole indemnity was paid, and although France remained liable for the loans she had issued, she was clear of any direct debt to the German Government, and indeed of all foreign debt payable in any but her own currency.

Here we have an example of a very considerable international debt rapidly paid off without any serious disorganization of the world's trade. Now what were the conditions which made this possible? The war had been short, and the amount of the indemnity was well within the capacity of France to pay. Her

nationals held large blocks of foreign securities, which were realizable in foreign markets; her credit was good, which enabled her to obtain foreign subscriptions to her loans; and in her effort to increase her exports she was not hampered by high tariffs.

FRANCE'S RESOURCES IN ACCUMULATED WEALTH

She was driven off the gold standard and, although there was some decline in the value of the franc, the depreciation never exceeded 5 per cent. and, taking the whole period through, amounted to barely more than 1 per cent. But of the several factors in the French ability to pay the most important lay in her accumulated reserve of wealth, the foreign securities owned by her nationals.

It is interesting to note the industrial condition of France at that time. Employment was extremely active and production was on a great scale. She had to meet her external liabilities, which compelled her to increase her sales in foreign markets, and she did so notwithstanding the competition of other nations. The improved standard of efficiency in production which was thereby forced upon her endured long after the period of the indemnity. In Germany, on the other hand, there was a very different experience. The receipt of a large amount of gold and silver had, with other causes then in operation, a serious effect upon German internal prices, which rose rapidly.

EFFECTS UPON GERMANY OF FRENCH PAYMENTS

In 1872 there was a brief trade and financial boom, followed in the ensuing year by a crisis which was the beginning of a period of depression. It would not be

correct to say that the trade conditions in Germany were entirely due to the payment of the French indemnity, but undoubtedly it was a contributory cause of material importance. The comparative prosperity in France and depression in Germany are remarkable and give color to the story that Bismarck, in commenting upon the state of the two countries, declared that the next time he defeated France he would insist on paying an indemnity.

Such is the only precedent we have for the payment of a great international debt. The figures we have to deal with today are on a far larger scale than the indemnity exacted from France fifty years ago, but the problem in all essential particulars is the same. We have to discover the capacity of the debtors to pay and to consider the consequences of payment. As the indemnity demanded from Germany is much the greatest of the debts and is the one most urgently in need of satisfactory settlement, I place it in the front of our discussion.

GERMANY'S CAPACITY TO PAY REPARATIONS

The first question is, what is Germany's capacity to pay? You are perhaps expecting that I am about to give you an inventory of Germany's natural resources and an estimate of her productive power. All this has been done many times and much industry has been displayed in the inquiry. I have no doubt that the experts who advised the signatories of the Treaty of Versailles that Germany could pay 120 billion dollars had made many careful calculations of this kind. But what we have to investigate is not Germany's capacity to produce wealth, but her capacity to pay foreign debt.

I cannot help thinking that we have here the source of the error into which the Versailles experts seem to have fallen. Nobody has ever doubted Germany's immense power to produce, but production by itself is not enough. She must find a market for her exports, and the problem thus becomes one of determining the possible extension of German export trade. Nor is this the end. We must remember that an increase in her exports will only provide funds for reparations if there is no corresponding increase in imports. Payment for her indispensable imports must be the first charge upon the proceeds of her foreign sales, and it is only the balance, the exportable surplus, which is available for reparations.

"EXPORTABLE SURPLUS" ANALYZED

In speaking of a nation's exportable surplus we must not forget that other factors may contribute to it besides the balance of exports over imports. Interest received from foreign investments and payment for external services, such as shipping, may be contributory factors. Before the war Germany possessed a very considerable exportable surplus derived from all three sources, but mainly from the interest on her foreign investments which were probably worth not less than $5\frac{1}{2}$ billion dollars. As regards the surplus from the sale of her products and payment for services it is safe to say that it never exceeded 100 million dollars a year. But what is her position today?

Most of her foreign investments have gone. Some were sold during the war, others have been seized as enemy property by the Governments of the Allied and Associated Powers, and most of what remain have lost their value as in the case of the Russian

investments. Her shipping has been largely confiscated, and she has been deprived of some of her most productive areas—Alsace-Lorraine, the Saar Basin, and the Polish provinces. All the sources whence an exportable surplus might have been drawn have been greatly impaired if not wholly destroyed.

IMPOSSIBLE FOR GERMANY TO PAY OUT OF EXPORTS

At no time was Germany's exportable surplus sufficient to enable her to make the annual payments demanded under the London ultimatum; it is entirely out of the question that she could do so today.

But let us get a little nearer to the problem of Germany's present capacity to pay from the surplus sale of her production. According to a recent statement by the Chancellor of the Exchequer in the House of Commons, she has paid money and delivered property altogether to the value of about two billion dollars. Of this amount 1,645 million dollars represented the value of ships, coal, other payments in kind, property in ceded territories and local payments to armies of occupation. The amount in cash has been only 375 million dollars. And yet, with this comparatively small cash payment, observe what has happened.

The mark has declined to less than one-seventieth of the value it had when the obligation to pay was imposed upon Germany by the Treaty of Versailles. The means of payment has been found by the sale of marks. After this experience it is difficult to believe that Germany has any surplus at the present time from the export of her products.

There is a further consideration in support of this conclusion. It is beyond question that in the last three years Germany has made every effort to develop

her external trade. The German workman, whose industry and efficiency are generally admitted, has been fully employed and the factories have been actively at work all over the country.

GERMAN COMPETITION ALREADY CAUSES COMPLAINT

The decline in the mark, which at every stage has been much greater in the external than in the internal value, has afforded a very considerable advantage to the German exporter, so much so indeed that there is hardly anywhere a manufacturer, producing goods for export, who does not complain of German competition. Nevertheless, the German trade figures show that the exports, long after the immediate deficiency in essential foreign commodities due to the war was made good, are still barely equal to the imports. The conclusion seems irresistible that Germany has no present capacity to obtain a surplus from the export of goods.

I am not sanguine enough to believe that those who think they can extract from Germany enough money to enable them to meet the internal liabilities, which they themselves have incurred in restoring devastated areas, will be satisfied with the statement I have just made.

EFFECT OF ENFORCING GERMAN PAYMENTS

At the recent Reparation Conference of the Allied Powers held in London proposals were made of punitive measures to be taken with the object of compelling Germany to make immediate cash payments, a policy which could only have been advanced under the conviction that Germany really could pay. For my part I do not believe that it is within her power

to do so, but let us suppose for a moment that she can. We have then to consider what the effect of this enforced payment would be upon international trade, and whether it would be to the advantage either of Germany's creditors as a whole or of the rest of the world.

If Germany could pay what is demanded of her, the only method of obtaining the money would be by increasing her exports. Now what are these exports to be? She is essentially a manufacturing nation. Her foreign sale of raw materials is comparatively small. She is obliged to import food, and in consequence of the loss of a large part of her mineral lands she is compelled to import both iron ore and coal for the supply of her factories and furnaces. An increased exportable surplus could only be obtained by extending her sale of manufactured goods. To do this in the teeth of the competition of other manufacturing nations she must work longer hours for less wages, she must cut profits, she must reduce her imports to the indispensable minimum.

But her competitors will not consent to stand idle while they lose their trade. They will find themselves faced with growing unemployment and heavy trade losses. So far as German goods seek to invade their own domestic markets they may endeavor to exclude them by tariffs, but in order to retain their hold on neutral markets they, too, will be compelled to reduce wages and cut profits. And thus Germany's effort to extend her foreign trade must be confronted with the opposition of the whole manufacturing interest of the rest of the world, and could only be successfully countered by a general lowering of the standard of life.

I know it is frequently alleged that the collapse of the mark, with the accompanying disorganization of the world's trade, might have been avoided if the German Government had acted with firmness and good faith. It is said that Germany has intentionally depreciated her currency in order to induce her creditors to abandon their claims. We are told that her people are not adequately taxed, and that if they were subject to the burdens borne in some other countries, the Government would be able to meet its liabilities.

ADDITIONAL TAXATION WOULD NOT HELP

It is certainly true that in my own country far heavier taxation is levied than in Germany, but I am inclined to think we are overtaxed and that overtaxation, so far from fostering, cannot fail to depress national production. But whether I am right or wrong in that opinion I fail to see how additional taxation can stimulate foreign trade and provide a large exportable surplus. The taxes would be paid in marks, and, whether the marks are derived from avowed taxation or from concealed taxation through the use of the printing press, they are in neither case a currency which would be accepted in discharge of foreign liability.

In the actual condition of Germany a foreign sale of marks is an inevitable accompaniment of the payment of reparations. Except by such sale there does not appear to be any practicable method for the Government to obtain the necessary foreign currency other than by exacting it from exporters as a condition of their receiving an export license. But the exporter, who often has external obligations of his

own to meet, does not want marks but dollars or pounds sterling, as the case may be, and forthwith sells the marks paid him by the Government for the currency he needs. If we add to this regular sale in the course of business the further sale by Germans who mistrust the stability of their own currency, we have a sufficient explanation of the stupendous drop in the value of German money.

HOW TO REALIZE ON GERMAN INVESTMENTS

Let me come back now to the question of what Germany can pay. Certainly she can pay something, though not in the form or under the conditions it is now sought to impose upon her. Many Germans possess foreign assets, whether investments or balances in foreign banks, and it would be a perfectly practicable proceeding for them to sell these assets to the German Government, who in turn could hand them over to the Reparation Commission. But it is an essential condition of such a transaction that the owners of the foreign assets should be willing to sell them; no Government in the present situation of Germany could force a compulsory sale. How then could this consent be obtained?

I have no doubt that if these assets could be sold for an assured profit the holders would be willing to dispose of them. It must be remembered that to a considerable extent they are the proceeds of sales of marks which have been flung by Germans on the foreign market under the well-founded apprehension that the pressure of reparation payments would rapidly depreciate their value. Relieve this pressure and the mark would immediately improve. It has still a far greater value in Germany than it has outside,

and the German holders of foreign assets would have a clear advantage in selling them for marks to their Government.

GERMAN FOREIGN INVESTMENTS ONLY A BILLION DOLLARS

It is impossible to give any precise estimate of the total value of these assets, but I believe it would be safe to put them at not less than a billion dollars. Whatever the amount may be, however, Germany could pay it, provided the fall in the mark was arrested. More than that I do not think she has the ability to find, at any rate for some years, and it would be a condition of this payment that no more should be demanded of her for a long time to come. I believe that, looking merely at the amount to be received, the creditors would gain by abandoning the attempt to obtain other money payments for a period of at least three years, and I am quite sure the world as a whole would be an immense gainer in the general stabilization of exchanges which would ensue upon an arrest of the fall in the mark.

Before I leave this part of my subject there is one observation I should like to make. I have no wish to minimize the just claims of the Allies against Germany, and I recognize the serious political difficulties which stand in the way of their abatement. But no solution of the reparation is possible unless political considerations are subordinated to economic facts. What Germany can pay may not be a simple question, but it is a question capable of being answered. Unfortunately the answer runs counter to popular hopes, popular passions, and, more formidable still, a popular sense of natural justice which prescribes

that the defeated enemy who planned the war should make good the damage suffered by the victors. And so no authoritative answer is given while Europe slides into ruin.

GERMAN LIMITATIONS COMMON TO ALL COUNTRIES

I have dealt at length with the reparation problem in an endeavor to show that a nation, except in so far as it has an exportable surplus, can only pay foreign debt out of the wealth it has accumulated outside its own country. If we pass now to the other international debts we have to recognize that the general argument is equally applicable to them all. Have the debtors an exportable surplus and what are their foreign assets?

With regard to the latter question the only debtor possessing any large accumulation of such assets is England. Notwithstanding her immense sale of securities to the United States in the second and third years of the war, a sale which largely furnished the means of paying for the goods of all kinds bought by the Allies, England still owns sufficient foreign securities to cover her debt to the United States two or three times over. But neither France nor Italy has similar reserves of wealth, and I doubt whether either of them has sufficient to meet more than a trifling part of their foreign debt.

ONLY SMALL PAYMENTS OUT OF EXPORT SURPLUS

There remains to be considered their exportable surplus in the ordinary way of trade. I shall speak later of the circumstances in which an exportable surplus from production usually arises, and I shall give my reasons for thinking that nothing more than

comparatively small annual payments can ever be made in this way. But it will be more convenient now to deal with an individual debt and I will ask you to consider the particular case of the debt from France to England, which I can speak about with more freedom, as it is a debt in regard to which my own country is the creditor. We shall get a clearer view of it if we examine the circumstances in which it was incurred.

During the war France developed an immense demand for goods of foreign production. As an increasing proportion of her man-power became engaged in her army, her capacity to supply herself was progressively reduced. She had no abundance of foreign securities with which to pay for her requirements and she could obtain the war materials indispensable for the maintenance of the fight in no other way than by borrowing the money to pay for them.

Before the United States came into the war France had borrowed one billion dollars from the British Government, and this amount was subsequently increased to over $2\frac{1}{2}$ billion dollars. The price of the goods bought by France was naturally high. Commodities produced to meet an urgent war need can never be cheap. But France was obliged to have the goods, whatever the price, and a great stimulus was given to American and British trade.

HOW COULD FRANCE PAY HER DEBT?

Let us now reverse the process and imagine France paying off this debt. She could only do so by producing goods and exporting them in very large quantities, far in excess of normal trade demands. If the general trade organization of the world permitted of the absorption of this additional French output, I

have no doubt that her industry would be capable of the effort necessary to enable her to pay interest and sinking fund on her debt. But would there be any willingness to receive the goods? Neither England nor any other country is prepared today to pay for and consume goods on an exceptional scale. The immense demand created by the war has no parallel in peace. And yet how is France to pay unless an exceptional demand exists?

The truth is that her debt is far too great in relation to ordinary international trade possibilities. It was incurred by the purchase of goods required in war and bought at war prices. It could only be discharged by the transmission of goods, not wanted in peace and sold at no less high prices. We became accustomed in war to talk in billions. Our language was suited to the circumstances of the time, but, if we carry our minds back to 1914 and return to the ideas appropriate to peace conditions, we shall recognize at once that France has no trade surplus or reserves of accumulated and exportable wealth to enable her to meet her present external liabilities.

There are, of course, conceivable, though I trust improbable, conditions in which the French debt to us might be repaid. If we were at war and the call upon our men to line the trenches was such that many of our mines and factories had to close down; and if France were at peace and at liberty to increase her output to the utmost of her capacity she might pour upon our shores war material and stores equal to the whole amount of her debt to us. But in what part of the globe is there a demand for this additional output in time of peace? The mere endeavor to extend her foreign sales to the necessary degree would dis-

organize the trade of the world. We have seen the painful effect of an enforced competition by Germany; we should experience precisely the same result from a similar effort by France.

The inevitable conclusion is that these international debts are far too great for the capacity of any of the debtor countries except England. She alone in her accumulated foreign investments has adequate resources with which to discharge her liability to the United States.

FRENCH RESOURCES UNEQUAL TO OBLIGATIONS

Of the others, France has the greatest resources, but they are, I believe, quite insufficient to meet her obligations. The whole subject requires a rational reconsideration by the creditors, who must keep steadily in view the immediate effect of the payment of these debts on the general trade of the world. The creditor countries will obtain greater advantage from trade prosperity, which will insure future employment in their factories and workshops, than they can ever receive from the precarious payment of these debts.

In the last two years we have had experience of the effect upon foreign trade of tumbling exchanges and broken-down credit, and, though the consequences may be more serious in England than in the United States, where foreign trade is comparatively only a small part of the total trade, they are still grave enough in the latter country also to warrant the fullest and most careful consideration.

REAL MEANING OF AN "EXPORTABLE SURPLUS"

It may be objected that my argument appears to lead to the unpalatable conclusion that no nation,

unless it has accumulated resources in the form of foreign investments, can discharge external obligations to anything more than a comparatively small amount. This is an objection which goes to the very root of the question of international loans and forces us to a consideration of the real meaning of an exportable surplus. I cannot do more than touch upon it briefly now without stretching your patience beyond the limit of extreme good nature.

It seems to me that the most compact form in which I can present the case is by calling your attention to the experience of England as a creditor country. For over two centuries British capital has been lent to other countries. Year by year England produced more than she either consumed herself or could exchange for the products of other nations, and she could not obtain a market for the surplus unless she gave the purchaser a long credit. Foreign loans and foreign issues of all kinds were taken up in England and the proceeds were spent in paying for the surplus production. British factories and workshops were kept in good employment, but it was a condition of their prosperity that a part of their output should be disposed of in this way.

Taking the aggregate of the transactions, British creditors have received a good return on their investment, but the ability of the debtors to pay has been dependent, speaking generally, on the development of their country being fostered by the receipt of further loans. If we take the whole field of British foreign investment we shall find that every year England has returned in loans more than she received in interest, and the balance of the world's indebtedness to her has been steadily growing.

From this view of loans made to foreign countries they might seem at first sight to be somewhat unremunerative. If the creditor has to go on lending in order to be paid the interest on previous loans, a bad debt would appear to be the only possible end to the business. But this is by no means the case. While this continuous lending has been true in the past in the aggregate of foreign loans, it is not necessarily true in any individual instance, nor does it follow that it will always be true of the loans as a whole.

In our experience as bankers it is not uncommon to see loans to corporations and firms justifiably increasing in amount. The borrower may show by the growth of his business and expanding turnover that such advances are thoroughly warranted, and in spite of his greater total of indebtedness, his credit may be improving and his balance-sheet may disclose an increasing surplus. What is true of an individual or corporation may be true of a country, but on a larger scale and viewed over a much more extended period of time. The life of an individual or even of the most successful company is as nothing compared with the life of a nation.

UNITED STATES AS AN EXAMPLE

Take the case of your own country. The United States has been the greatest external borrower in history. You required foreign capital for your internal development and you took from England alone not less than 3 billion dollars. It is estimated that at the time of the outbreak of the war your external debt had become stationary in amount, and that your exportable surplus of commodities sufficed to pay the whole of the interest. Repayment of the capital,

however, would have been beyond even your capacity for a very long period had it not been for the opportunity afforded by the war. As you know there arose then an inexhaustible demand in Europe for American goods, which led to an immense increase in your exports. Payment for these exports was largely made out of the proceeds of the sale of the stocks and bonds held in England, and thus a capital liability which had been growing for over two centuries was almost entirely discharged in a few years.

We see, then, that a debtor nation may in certain circumstances pay off its foreign debt with remarkable ease and rapidity. The indispensable condition for such rapid repayment is that there should be an extraordinary demand for its goods, a demand which is a natural accompaniment of war but does not exist in peace. I cannot help thinking that there has been a general, though very natural, misunderstanding of the conditions under which international payments are made. In its present magnitude the subject is new.

MISTAKEN OPINIONS CAUSING GRAVE DISASTERS

In the past we have been accustomed only to the discharge of comparatively small liabilities between nations which has been effected partly by the remittance of gold, and partly by an extension of export trade facilitated by a fall in the exchange of the debtor country, and it is not easy now to free ourselves from the ideals we have formed in the course of our past experience. Mistaken opinions on these economic questions are not surprising, but they are causing grave disasters throughout the world. It is not many years ago—it is well within my own recol-

lection—that a want of understanding of sound principles of banking led to repeated financial crises which were then believed to be inevitable. As they usually happened at intervals of ten or eleven years, many serious persons attributed them to the variations which occur in the spots on the sun. These spots may affect the weather and, through the weather, the harvest, but a wider knowledge of banking and of currency requirements has taught us how to escape their malign influence on credit.

A better understanding of international trade and of the possible limits of international payments will quickly enable us to find a remedy for the evils which now distract us. The public on both sides of the Atlantic is beginning to take a more rational view than was possible three years ago, and if the leaders of opinion direct our footsteps along the right path I believe the world is now prepared to follow it.

CONCLUSIONS

To sum up: The conclusion to which I am driven is that Germany can only pay now whatever she may have in foreign balances, together with such amount as she can realize by the sale of her remaining foreign securities; that this payment is only possible if all other demands are postponed for a definite period long enough to insure the stabilization of the mark; and that future demands at the expiration of this period must be limited to the annual amount of Germany's exportable surplus at that time. Further, that England has the capacity to pay to the United States interest and sinking fund on her debt, but that the other debtors are none of them in a position

to meet more than a small part of their external liabilities, and in the existing condition of Europe a definite postponement of any payment by them is desirable in the interests of all the parties.

The actual amount which the other debtors could ultimately pay should, as in the case of Germany, be ascertained by inquiry into their exportable surplus at a full and frank conference between creditors and debtors.

It remains only for me now to thank you for the patience with which you have heard me. I have strictly confined myself to a consideration of the economic aspect of reparations and international debts, how they are payable, the general capacity of a debtor country to pay, and the effect of payment.

If I have become convinced that an attempt to enforce payment beyond the debtor's ability is injurious to the international trade of the whole world, lowers wages, reduces profits, and is a direct cause of unemployment, the conclusion is founded solely on economic grounds and is uninfluenced by any political considerations or any regard to the moral obligations of the debtors.

I know very well that there are other considerations affecting these debts, but these are matters of statecraft to be determined by the rulers of the creditor countries according to their view of wise policy, which covers many interests besides those of trade and finance. The fact that a debtor cannot pay does not of itself discharge the obligation. The debt may become the subject of negotiation and bargain by which if the debtor obtains relief, the creditor may still recover some advantage to which he may be justly entitled. But I conceive it to be the duty of bankers

to help so far as they can in forming a sound public opinion upon the financial and commercial aspects of these international debts, and it is in pursuance of this duty that I have ventured to make these observations today.

IV

THE REPAYMENT OF EUROPEAN DEBTS TO
OUR GOVERNMENT

By HERBERT HOOVER
Secretary of Commerce

Address Delivered at Toledo, Ohio, October 16, 1922

Proposals have been repeatedly made over the last three years that the loans from our Government to foreign countries during the war should in part or in whole be cancelled, either for moral reasons or in the interest of economic stability. Less sweeping proposals have been made that the payments of interest and instalments as required by Congress should be further postponed or moderated. The question is one of the most complex and difficult in character that the American people have ever confronted. It greatly concerns American commerce and I feel that widespread discussion is of great value to the better understanding of the economic issues involved. Full understanding can be advanced only by full and frank discussion.

I have the feeling that many men in Europe are thinking of these things in terms of despair, due to their immediate difficulties. There is no need for despair in the future of Europe if she can maintain peace. Her hard-working population, her tremendous industries, her enormous productivity and her mag-

nificent intelligence, her fabulous development of skill and scientific knowledge, are vital forces that must win if they have half a chance.

These economic problems are problems that we must vision over years and decades. They must not be obscured by fluctuation in exchange or by calculations of trade balances in terms of war and depression. Europe has made great economic progress since the armistice. Her troubles today are solely in the political and fiscal field. Her social organization, her agriculture, industry, transportation, and commerce have found extraordinary recuperative powers from the depths of disorganization and famine of 1919.

These loans to twenty nations amounted to about \$10,000,000,000 and were nearly all demand obligations. They now amount to \$11,500,000,000 in principal and accrued interest. Congress has laid down the conditions under which payment can be extended over a term of twenty-five years. It is the duty of the Funding Commission to see that these terms are carried out, and of course no alteration would be possible except through action of Congress.

There are certain phases of this discussion that seem to me to require emphasis.

First. These loans are often spoken of as debts to our Government. They are, in fact, debts owing to our taxpayers. These loans were made at the urgent request of the borrowers and under their solemn assurance of repayment. The loans were individual to each nation. They have no relation to other nations or other debts. The American taxpayer did not participate in reparations and acquired no territory or any other benefits under the Treaty, as did our debtors. There is no question as to the moral or contrac-

tual obligation. The repudiation of these loans would undermine the whole fabric of international good faith. I do not believe any public official, either of the United States or any other country, could or should approve their cancellation. Certainly *I* do not.

Second. While it is probable that some of the weaker debtors will need relief from interest, yet I am convinced that the capital sum of these debts can be paid some time with the exception of say 5 per cent. I am also convinced that this can be done without realization of the oft-expressed undue strain on the debtor countries or the threat of a flood of goods from debtor countries in such quantity as would endanger employment of the factories and workmen of the United States. In the arguments put forward on these points some very important economic factors have not been given sufficient weight.

Third. The proposals for abolition or reduction of interest for a certain number of years arise from the belief that certain countries can not physically make these payments at the present time without undue strain, or that such action would contribute to general economic stability and the more rapid recovery of these countries, in which everyone would benefit. The British do not make claims for such assistance from us and are arranging their payments. This covers some \$4,750,000,000 of the total debt and thus clears up nearly one-half of the problems at once. The proposition, therefore, narrows itself to debtors on the continent. The burden of payments falls with different weight upon each of the nineteen different debtors and each case is a problem to itself, and it will be found that respective annual payments due to us from different countries vary in their burden upon

them from 2 to 12 per cent of their governmental income.

Fourth. If there be some of these countries who should be relieved of interest payments for a few years in order to promote economic stability, then there needs be a demonstration of the facts in respect to each individual country that would be convincing to the American public and to Congress. The taxpayer will naturally need conviction that such postponement would bring returns in economic progress that would warrant such a sacrifice. He would naturally consider that there are other things which must march in advance before the fullest prosperity can come to Europe. For stability and prosperity require that there must be such political and economic readjustment between the states of Europe as will bring about an atmosphere of peace in replacement of an atmosphere of war. There must be rearrangement of economic boundaries in Europe that will give hope of the economic survival of states which can be saved by no financial operation of any kind. There must be a reduction of armament not only as a guarantee of peace but as a contribution to the balancing of budgets and the cessation of inflation. There must be a general intent to create good will and peaceful working together among the nations to their own reconstruction instead of constant recurrence of political crises which so narrowly escape war and so sadly disturb commerce. All these things would assure the complete recovery of Europe. They would also place Europe sometime in a position where our loans would be but a little burden.

Fifth. America has dealt with Europe during the past few years in terms of idealism. We do appreci-

ate her difficulties. We are capable of great sacrifices and of great generous charity. We want to take part in making a better world, but it must be clear that sacrifices and charity from America can not alone bring about a cure for those evils which now work against economic progress. What the American people would do in the circumstances that the forces of real world peace and prosperity were put in motion, could be looked forward to with confidence. Our record to date has been one of helpfulness.

A great deal of current discussion as to the inability of the countries on the continent to meet payments of these debts in any case has revolved upon the working of intricate economic forces.

In arguments advanced that the loans must be cancelled, the claim is seldom made that the payment can not ultimately be provided out of taxation or reduction of expenditures in the debtor country, and payments made in the local currency of that country. The economic contention is that such currency must be transformed into goods or gold in order to be shipped to the American people. The arguments against payment nearly all bear upon the difficulties that this transformation implies, and in them there are a large number of premises which have not been argued from all sides.

These premises include: That the only method by which payments can be made in international balances is through the shipment of goods or gold; that these shipments would necessarily be direct from the debtor country to us; that such shipments might embarrass our industries and employment; that the capacity of a given country to pay international obligations is dependent upon its ability to produce a sur-

plus of goods for export over and above its necessary imports; that present trade balances should be taken as an indication of future paying power. It appears to me that the whole of these assumptions as to the relation of debt payments to us to the movement of goods need to be seriously modified by other large weights in the international balances.

The settlement of international balances between America and Europe contains factors that are in their volume unique in international commerce. For instance, the annual expenditure of American tourists abroad, the remittances of emigrants in the United States to their relatives abroad, the growing volume of investment made by our people in foreign countries, interest upon investments in the United States of private citizens of our debtor countries and other items of so-called invisible exchange—all combine to furnish a large supply of our money to Europe with which they in turn can make payments for interest on debts, or for the purchase of goods from us. In total to the world these sums amounted to about \$1,500,000,000 in the last fiscal year, which was, indeed, a year of depression, and these are sums which with peace in the world will grow constantly over the future. These sums are largely expended directly or indirectly in our debtor countries.

If we examine our situation in international balances during the last fiscal year, we will find that the world shipped us \$2,600,000,000 worth of goods. This sum added to the items of tourists, of loans and remittances and other forms of invisible exchange, gave the world a paying power to us of about \$4,100,000,000. In addition, the world shipped us over \$450,000,000 in gold and silver. During the year we exported

\$3,800,000,000 in goods. Thus, during that fiscal year the world had a paying power to us in excess of goods bought from us of about \$750,000,000. This excess was probably used to readjust previous private debts.

The assumption that payments from debtor countries would need to be made in gold or in goods direct to the United States, or that goods will flood our markets, should of course be modified to the extent of the use of invisible exchange, but beyond even that it does not necessarily follow that there is any flood of competitive goods. The world's trade is to a large extent a sort of pool, as the result of triangular operations; that is, if our investors loan money to the Argentine, then the Argentine may expend this money in the purchase of goods from the continent of Europe. The continent of Europe thus possessed of this money, may use it in payment on account of debts due us or in the purchase of our goods. Another case of triangular world commerce of profound and growing importance is the relation of our imports of goods from the tropics.

The shipment of European manufactured goods, of the sort that might compete in our home market, to the tropics, and in turn the shipment to us of tropical goods that will not interfere with our domestic manufacture or employment, is not only possible but is going on all the time. The products of the tropics—rubber, coffee, sugar, woods, etc.—are a type of goods which we can not sufficiently produce. They, therefore, do not affect employment in the United States and they are goods which are constantly increasing in ratio to our total imports. In so short a time as seven years, the proportion of products from the

tropics which we imported have increased from 36 to 53 per cent of our total imports. To a considerable degree tropical countries are under control of our European debtors. As our standards of living and population continue to grow, our imports of tropical produce will further expand.

Thus, it does not follow that the whole of these debts are either to be paid in goods or that competitive goods necessarily come into our market at all from this cause. Beyond this, if America continues strong and prosperous, our ability to consume European goods of the types we do not ourselves produce will be greatly increased, and Europe's ability to pay us would be still further increased. The assuming that the present surplus of exports over imports represents the available balance with which a country can meet a long-time debt ignores not only the fact that the movement of goods alone does not form the whole basis of payment, but it ignores the time element. Due to increasing population, development of science, and natural resources, the world's international commerce doubles nearly every fifteen or twenty years, and this debt burden being a fixed burden will thus be a decreasing burden.

Large international debt is not a new phenomenon. It is precisely the same thing in its effect upon exchange and trade whether the debt is intergovernmental or private. Before the war, the rest of the world owed to Europe generally probably \$30,000,000,000 and this burden was carried without disturbance to the world's commerce. This total sum was mostly accumulated over a period of forty years. It is at least an indication of the productive and paying powers of peace.

No one can assess the relative weight of all of these momentous economic forces, but it is a certainty they should be taken into consideration, and that we should have more experience with them before we jump to the conclusion that these debts should be irretrievably cancelled.

No one can be impressed more than myself with the dangers and losses to American trade and commerce from the present instability in Europe, the lowered standards of living in many areas, the reduction of the great middle class from whom the intelligence and leadership must come, the diminished purchasing power for our products, the very practical questions of fluctuating exchange in its creation of a speculative element in all international business—all of them affect our own welfare directly. Beyond all this, we are affected morally and intellectually with any of the failures of civilization. Yet, as I have said, the retrospect of the last three years is not one of discouragement over Europe's progress, and any knowledge of her productive powers belies all discouragement except war. The problems involved are peculiar to each country; they need to be treated with sympathy but with the purpose of securing firm peace and recovery of the world. America earnestly wishes to be helpful to Europe, but economic matters require a degree of realism that will do justice to the American people, as well as be helpful to peoples abroad.

V

THE ALLIED DEBTS

A CONSTRUCTIVE CRITICISM OF SECRETARY HOOVER'S VIEWS¹

By EDWIN R. A. SELIGMAN, PH.D., LL.D.

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In a speech at Toledo on October 16 Secretary Hoover, a member of the Allied Debt Commission, gave his views, which presumably represent the policy of the commission as well as of the Government. There is no doubt, however, that there is a growing sentiment in the country which is not in harmony with the views of Mr. Hoover—a sentiment which is entertained by an increasing number not only of business men, but also of farmers and labor leaders. Mr. Hoover's views, moreover, are contrary to those expressed by Mr. Lamont and Mr. Krech at the recent Bankers Convention in New York.

It may be worth while, therefore, to pass in review the arguments adduced by Mr. Hoover, and to attempt a constructive criticism of a public servant who stands so deservedly high in the affections of the community. In the discussion of the allied debt there are three fundamental points. The first is the character of the obligations; the second refers to the ability of the debtors to pay, and the third has to deal with the desirability on our part of insisting on immediate or early settlement. Let us take these points in order:

¹ Reprinted from the *New York Times*, November 5, 1922

1. IS THE ALLIED DEBT A JUST DEBT?

Mr. Hoover starts with the following statement: "These loans were made at the urgent request of the borrowers and under their solemn assurances of repayment. They have no relation to other nations or other debts. The American taxpayer did not participate in reparations and acquired no territory or any other benefits under the treaty, as did our debtors. There is no doubt as to the moral or contractual obligation. The repudiation of these loans would undermine the whole fabric of international good faith. I do not believe any public official, either of the United States or any other country, could or should approve their cancellation."

As to the contractual obligation, there can, of course, be no question. The money was borrowed at the request of the Allies; it was loaned in good faith, and it indubitably constitutes a valid debt. But is the question of moral obligation the same? In the first place, contrary to widespread opinion, the loans to the Allies were to an overwhelming extent made during the war itself. Although private individuals loaned money to the belligerents, not a cent was advanced by the Government until we entered the war. And while it is true that comparatively small amounts were lent after the armistice, those loans were made almost entirely for expenses contracted during the war.

Of the total amount of about ten billions, there was loaned to Belgium after the signing of the treaty of peace in June, 1919, up to November 15, 1919, only \$3,000,000, and up to November 15, 1920, another \$10,000,000. To France about \$250,000,000 was loaned from the date of the signing of the treaty to

November 15, 1919, and another \$110,000,000 in the next year. To Italy between the signing of the treaty and November 15, 1919, the total advances were a little under \$60,000,000, and another \$50,000,000 between that date and November 15, 1920. To Great Britain nothing at all was loaned in either period. Thus, substantially, the entire amount was advanced during the war.

Now, what was the object of these loans? As Secretary McAdoo has told us in his report for the fiscal year ended June 30, 1919: "It is difficult to exaggerate the great purposes served and the great results accomplished by these advances to foreign Governments. In the most critical stage of the war they immeasurably assisted America's gallant associates in obtaining the munitions, supplies and equipment that were so imperatively needed to meet the enemy's offensives or to carry the fighting into his territory, and probably of equal importance was the fact that they served to hearten the Allied armies and peoples by the knowledge that the vast credit resources of the United States were being shared with them for the effective prosecution of a common cause. Conversely, it is not difficult to estimate the disheartening effect that these loans of billions and the willingness of America to lend for the prosecution of the war as much more as was needed, to the limit of her ability, must have had upon the spirit and morale of the peoples and armies of the enemy. * * * * *The service of these loans in assisting to hold the battlefronts of Europe until the might of our heroic army could be felt effectively, made possible, beyond the shadow of a doubt, the ending of the war in the fall of 1918. Without this aid to the Allied Governments the war unquestionably*

would have been prolonged, if not lost, with the resultant great additional cost in life and treasure."

In other words, as the sentence italicized by me shows, most of the money was loaned and the proceeds used to carry on a joint enterprise during a time when our aid in the shape of actual combatants was insignificant. If the war was a joint enterprise, carried on for a common purpose, is there any more reason to separate the financial contribution than the human contribution? When we finally put our army under the orders of Foch we fused our efforts with those of our Allies and gave an indelible stamp to our common efforts. If we are to charge France and Italy for the wheat that kept their forces alive, for the uniforms that kept their soldiers warm while they held the battlefront, we might as well charge so much a man for the American Army when it finally arrived.

What actually happened was that the Allies furnished a huge armed force which only with difficulty withstood the onset of the enemy. In this huge force the human element was represented primarily by France and Italy; the materials were furnished largely by Great Britain; and the food was contributed chiefly by the United States. All three elements were indispensable to the winning of the war: the absence of any of them would have spelled disaster. The mere fact that our chief contribution was rendered in the shape of book credits must not be permitted to obscure the facts.

It is true that we entered the contest with clean hands and with clean hearts; we poured out lavishly our treasures and the lives of our soldiers; we had nothing material to gain from victory and we sedulously refrained from even advancing any claim to the

division of the spoils. So far, so good. But consider the other side for a moment.

Mr. Hoover tells us that America did not participate in reparations and acquired no other benefits under the Treaty. It is indeed true that we acquired no benefits under the Treaty, but is it true that we acquired no benefits from the war? Is not the reverse the fact? While all Europe was in a death grapple we, as the most important neutral, remained aloof and earned incalculable sums.

At the very outset of the war Europe sent us millions of gold to pay for our supplies, and within a short time the flood of materials which we sent abroad created such a prodigious European indebtedness that it changed the United States from the chief debtor nation of the world to the chief creditor nation. The fortunes made in this country were stupendous; wages rose precipitately, and while Europe was in the throes of convulsions we reached the dizzy heights of untold prosperity. Is it, then, fair to urge that we made nothing out of the war?

On the contrary, this country has been the greatest beneficiary of the war. We received, indeed, no ships to ruin our shipping trade, as was the case in Great Britain; we received no colonies which would have been burdens rather than assets; but we heaped up wealth, while all other countries lost it.

The revolution which converted us from a debtor to a creditor nation, and which made us at a blow the economic arbiter of the world, is due to the fact that we received these enormous profits. Had we been in the war from the beginning we also should now have been hovering on the brink of bankruptcy. Instead of being able to count the ten billions as assets, our Gov-

ernment probably would have been in the position of owing ten times ten billions as our share of the cost of the war.

And, now, after having escaped all these dangers, after having made enormous profits out of the contest, after having emerged as the real beneficiary of the war, we have the hardihood to say that our relatively insignificant cash contribution—all of which, incidentally, was expended in this country and went to enrich our people—constitutes a debt which we have the moral right to exact from those who fought by our side and who suffered for the common cause—that is, for our cause—sacrifices incalculably greater than our own!

How are we to explain the almost simultaneous appearance of war-profits taxes in every country if not on the ground of conviction that it is illicit for an individual to make profits out of the blood and misery of his fellow countrymen in so fearful a crisis? But if it is indefensible for a private individual to retain all or even a large part of such profits, why is not the same rule applicable to a nation? What moral right have we to retain the profits that have been gained indeed, but not really earned, in such warfare?

Is the Allied debt, then, a just debt? We advanced the money, indeed, in the form of loans, and legally our position is impregnable. What we actually did, however, was to defray our share of a common burden which, if it were to be adjusted on a truly equitable basis, would make us not the creditor but the debtor of the Allied group. To insist now on our pound of flesh is to take the part of a Shylock standing on his legal rights, not of a high-minded partner in a joint common enterprise.

When Mr. Hoover tells us that the Allies gave us their solemn assurance of repayment, he is undoubtedly correct. When a man borrows money he always avers his intention to repay. But it may be questioned whether any of the Allies seriously thought at that time of repayment. It may even be questioned whether any one in our Government seriously contemplated repayment. The situation was so urgent and the crisis so profound that if the Allies had asked for gifts or contributions instead of loans they would have been given the funds just as readily. We know now that England had come absolutely to the end of her tether. Washington knew it then. When we sent our millions of boys to fight we did not stop to dicker whether this was to be a gift or a loan. What was true of the lives of our soldiers would have been equally true of the guns, the airplanes, and the uniforms which they so sorely needed. We made the loans because the Allies asked for loans; had they asked for gifts, we should have been equally ready to comply.

Finally, when Mr. Hoover says he does not believe that the public officials of any country approve the cancellation of the debts, he must be sorely misinformed as to the point of view of nearly every prominent European statesman. It is true that Great Britain has been goaded by our ungenerous attitude into the position where she declares her intention to repay every penny; for, like every proud debtor, Great Britain cannot endure the thought of being twitted with an unpaid debt. But let us not forget that Great Britain loaned to her Allies almost twice as much as she borrowed from us, and that every responsible statesman in Great Britain would be only too glad of a comprehensive plan whereby she could be relieved of

her debt to us and thus be put in position to forego the still larger debts due to her by the other Allies.

From the point of view of the equities of the case, therefore, can the debt of the Allies be called a just debt? We have every legal right to demand it, but from the higher point of view have we a moral right? We emerged from the stupendous struggle with clean hands, indeed, but with full hands. We are the one nation in the world which has profited by the war. Is it not almost like adding insult to injury to ask those who suffered the most and who bore the brunt of a common enterprise to suffer still more in order to enrich us further?

2. CAN EUROPE PAY?

Inasmuch, however, as the debt is undoubtedly a legal obligation, the question arises as to the ability of the debtors to pay. Here we must not fool ourselves. Technically, we are confronted by one solvent debtor and by a number of embarrassed debtors. Practically, however, our real debtors are all of them in the second category; for our real debtors are France, Italy, Belgium, and a dozen or more of the other countries. Almost one-half of the principal of the ten billions is, indeed, owing to us by Great Britain; but while Great Britain was borrowing from us, she was lending still more to France, Italy, Russia, and the other Allies. She was able to make these loans because of the advances made by us. In effect Great Britain served simply as a channel through which we made loans to the continental Allies; the ten billions went to the continent, although part of it went there through an indirect and devious route *via* Great Britain. The

question, therefore, resolves itself into this: Can the continental countries pay the debts? Are they in any position to do so?

Mr. Hoover tells us that the interest and amortization charges upon the debts amount to only from 2 to 12 per cent of their annual income. But if what has just been stated is true, and if our insistence on payment of Great Britain puts her into the unfortunate position of demanding payment from the other Allies, Mr. Hoover's figures must be at least doubled. The Allies will be called upon to pay not from 2 to 12 per cent of their annual income, but from 4 to 24 per cent. And 24 per cent cannot be considered a negligible sum, especially when it is the last straw that breaks the camel's back.

In the next place, Mr. Hoover attempts to controvert the proposition that countries must pay their debts primarily through an exportable surplus, that is, through the exportation of raw materials or manufactured goods. I have the highest regard for Mr. Hoover as a statesman and administrator, but I respectfully submit that his economics in this respect are not sound. A far better analysis of the situation is to be found in the address of Mr. McKenna. Let us consider more closely how international debts can be paid.

First, of course, they can be paid in cash, i. e., in gold. This method of disposing of the Allied debts can, however, be eliminated because the continental nations have no gold to speak of. The great mass of the world's gold supply is in the United States.

The second possible method of paying a nation's debts is by turning over domestic property to the foreign creditor. Where the creditor is the Govern-

ment, which of course cannot retain the property that may come into its possession, but must dispose of it to private individuals, it is clear that if the lands, railroads, or factories abroad were turned over to our Government in payment of the debt, the Government would have to dispose of them to individual investors. But why should American citizens invest in European lands, railroads, or factories under the present conditions, with the prospects of endlessly increased taxation and decreasing incomes staring them in the face?

The political impossibility of the situation, moreover, is obvious. No self-respecting nation would allow absentee ownership of all its land and industries; and, on the other hand, no nation would look with favor on the investment by its own citizens in an immense amount of property abroad, which would make them waver in their allegiance because of their economic interests. Politically as well as economically, the attempt to pay debts by the transfer of one nation's property to another is excluded.

We come, in the third place, to the so-called "invisible items" on which Mr. Hoover lays so much stress. That these items exist is undoubted. In all international financial relations we have to deal with the money in the possession of, or remitted by, immigrants; with sums expended by tourists; with profits on shipping; with bankers' commissions; with insurance premiums, and with interest on investments. Every elementary textbook of economics makes allowance for these. Ever since the time of Cairnes we have made the distinction between the balance of trade and what is known as the equilibrium of commerce. The balance of trade which refers only to

imports and exports of commodities is a familiar concept. Exports must offset imports, imports must offset exports. If there is a surplus of exports over imports, we speak of a favorable balance of trade. But the equilibrium of commerce is a different matter.

Because of the existence of the so-called invisible items, the debits and credits between any two countries generally stand at an equilibrium when there is a definite excess either of exports or of imports. Great Britain before the war, for instance, received such immense sums as interest, freight, bankers' commissions, insurance premiums, etc., that its commerce with foreign countries as a whole was in equilibrium when she imported several hundred million dollars more than she exported. Her debits and credits in international trade were equilibrated through an excess of imports. Her imports were paid for by her exports plus her profits. The excess of imports was due to profits consisting of these invisible items.

It is clear, therefore, that the existence of these invisible items does not disclose any added capacity on the part of a country to pay debts. If we start with a commercial equilibrium which includes these invisible items, the only way to pay a debt is to export more goods or more securities.

How was France enabled to pay her debt to Germany in 1870? First, of course, she had a large stock of gold which she turned over. Then she issued a great internal loan, the proceeds of which she remitted through the medium of bills of exchange. But the most effective method of payment was by immensely increasing her exports. The equilibrium of commerce between France and the outside world for the period prior to 1870 was, as in England, attained at a point

where the imports exceeded the exports, the excess of imports representing profits on foreign investments. After 1870, however, the equilibrium of commerce stood at a point where the excess of imports was converted into a large excess of exports. France was able to pay the debt because her productive powers enabled her to convert an excess of imports into an excess of exports and to apply this excess to her indebtedness. Mr. Hoover's treatment of so-called "invisible items" fails to make this distinction between the normal balance of trade and the new equilibrium of commerce.

What is the situation in the continental countries of Europe? They have no gold to remit. They cannot send us their land, railroads or factories. They have no more securities of foreign countries to turn over, as England did during the war. There is no likelihood of any substantial increase in the invisible items which they could transfer to us. On the contrary, in the present perilous economic situation there is slight probability of their receiving additional sums on foreign investments or profits on a larger merchant marine, or gains through developing banks or insurance companies; and the sums yielded by a possible increase in American travelers abroad or in the sums remitted by immigrants to this country would be only a drop in the bucket.

It remains true, therefore, despite Mr. Hoover's statement, that the only way in which a foreign debt of any magnitude can be paid is through an exportable surplus. This means two things: First, that there is a surplus of social income; second, that the surplus take the form of exports.

In the present situation in Europe, however, there

is no surplus of social income, and is not apt to be for a long time. People are prone to forget the gigantic ravages of war; never before in history has there been such prodigious waste of man-power and of capital. Despite the slight improvement that is visible now, Europe has on the whole been steadily going down hill. Even in Great Britain the most competent thinkers maintain that Great Britain is living on her capital, and is not forging ahead. Certainly the continent of Europe as a whole is, economically speaking, bankrupt, and it will be a long time before the social income and outgo balance each other. And, in the second place, even when there is again a social surplus, the possibility of putting this surplus into exports will depend on unpredictable competitive conditions.

On one point, indeed, we may thoroughly agree with Mr. Hoover. Until Europe takes energetically in hand the question of expenditures, both government and individual, there is little hope. This means the stoppage of waste and the substitution of thrift for the riotous profligacy which has been the inevitable concomitant of war. It means, in Government finance, a drastic reduction of expenditures and the substitution of international cooperation for the sharp lines of extreme nationalism that have been drawn all over the continent.

But the accomplishment of this task depends on political forces. There is no hope of great decrease of armaments until a sense of security replaces the present feeling of suspicion. Again, it comes with especially bad grace from us in the United States, who have enacted one of the most extreme protective tariffs in our history, to preach free trade and international amity to Europe. Certainly, insistence by us on

the immediate payment of debts will make matters worse than they now are. Can we blame France for saying that, if the United States and Great Britain demand payment in full of the indebtedness, she will certainly not be overgenerous in her demands for reparations from Germany? Reparations and Allied debt payment are inextricably intertwined.

The truth is that our debtors are bankrupt. They cannot pay now, and will not be able to pay in any assignable time. I have found no prominent business man or banker here or abroad who believes that there is any possibility of paying the debts. You cannot extract water from a stone.

3. WILL IT BENEFIT US TO BE PAID?

But even if the Allies could pay, the final question arises: Should we demand that they pay now and forthwith? If they have the ability to pay, have we the capacity to receive?

Mr. Hoover seeks to answer this question in the affirmative by telling us of the three-cornered trade; of the fact, familiar to every tyro, that a nation in international trade may acquit its obligations to another country by transferring the debits to a third country, which stands in an opposite relation. Mr. Hoover endeavors to quiet our fears about the danger of European countries exporting to us a surplus of manufactured goods, which would stop the wheels of our industry, by saying that this surplus may come in the shape not of competitive goods, but of raw materials, which we need—rubber, silk, coffee, cocoa, or what not.

When I read this section of Mr. Hoover's speech I had to rub my eyes in astonishment. For, as it is clear on reflection, there is a fallacy in the argument. Will

Europe be able to send more manufactured products to the tropics unless she has an exportable surplus? And how will an increase of European exports create a proportionate augmentation in the capacity of the tropics to supply, or in the readiness of the United States to demand, more raw materials? Let us concede, however, that the tropical countries will send us more rubber, tin, silk or coffee, and that the European debtors will send their manufactures to the tropics instead of to the United States. What will then happen, may I ask, to our exports of agricultural implements, electrical apparatus and textiles to China, South America and Africa? If the rubber and coffee are sent out by them to pay for more industrial products received from Europe, what will there be left with which to buy industrial products from the United States? It makes very little difference to us whether the wheels of industry are stopped here because of the plethora of exports of manufactured goods from Europe into the United States or because of the inability of the United States to send its wares to the tropics. In both cases there will be a falling-off in the demand for our products.

No explanation can obscure the fact that, despite the three-cornered trade, a nation's commerce must be envisaged as a totality. If the rest of the world pays a debt by exporting more goods, whether to us or to another country, it makes it harder for us to export the usual quantity of goods in return. The reason why, under normal conditions, exports are mutually profitable, is that the exporting country is thereby enabled to secure imports, that is, to buy commodities. It is a matter of give and take. But when, in order to pay an immense debt, the rest of the world has to increase

its exports to us, there is nothing to call for imports in return; and with this cessation of our exports to foreign countries our factories will close, our industries will languish and a period of business depression will set in.

The most striking example of this state of affairs in international trade is the recent transfer of the German merchant marine to Great Britain. The average man thought that that would be a great thing for Great Britain, since she was getting something for nothing. But what was the result? First, there was such a drop in freight rates that stagnation was brought into the shipping business. Secondly, ship-building in England fell off to such an extent as to lead to a crisis in the industry, with a wave of unemployment sweeping over the country. Instead of being a blessing, it proved to be a disaster.

What is the real trouble in the United States, with wheat at a little over \$1 a bushel and with depression in our industry? How long will it be before the American farmer realizes that our debtors are also our customers, and that we cannot expect any resumption of prosperity unless there is a market in which to sell our wares? Even if it were possible to compel our Allies to pay their debts, it would make the situation here still worse. In business life the best way to deal with a bankrupt creditor is to set him on his feet again. But there is a difference between public and private business. In private business, even if the bankrupt is not put on his feet, the creditor can at least find new customers and continue to dispose of his output elsewhere. In public business and finance, as in the present situation, it is different: we must either convert these bankrupt nations into good customers or

have no customers at all. By saving them we save ourselves.

The trouble with the Debt Commission law is that the hands of the commission are tied. It was a concession to the ignorance and the prejudice of the average voter. While I am sure that Mr. Hoover is entirely sincere in his belief, I suspect that he is largely, even if unconsciously, influenced by the politics of the situation and what he believes to be the general sentiment of the country. The situation here is analogous to that in France, where the business men and the economists will tell you privately that they do not at all agree with the views enunciated by the politicians who fear to brave the popular wrath. What we need in this country is a more thorough study of what Mr. Hoover concedes to be the complex elements in the problem. When that study is made, it will in my judgment lead the American people to the conclusion that they cannot afford to press for an immediate repayment of the debt, or even for such a refunding as is contemplated in the law.

It may indeed be just as well to keep the debt on the books for a time. We have ample precedent for this, as in the case of the Turkish debt owing to Russia before the war. It may be good politics occasionally to remind our debtors politely of the fact that there is a debt. But would it not be both generous and wise for us to cooperate with our debtors in some project which would look to the utilization of those debts as a means of construction of a shattered world?

The debt cannot be paid, and if it could be paid it would harm us more than our debtors. As a matter not simply of equity, but of good business, let us study the matter further. We must not harbor the delusion

that we can any longer be sufficient unto ourselves alone. More and more we shall have to depend on our exports, whether of raw materials or of manufactured products. Let us not, in the excess of our zeal, kill with one stone two birds each of which we should seek to keep alive—the one, the hope of European regeneration in the interests of a broad humanity; the other, our own prosperity, which will surely be imperiled by the ruin or the ill-will of our best customers.

VI

THE INTERALLIED DEBTS AS A BANKING
PROBLEM¹

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*Address Delivered before the Arizona Bankers Association,
 Bisbee, Arizona, November 11, 1922*

Much current discussion gives the impression that there are only two alternatives in dealing with the interallied debts: first, to exact our pound of flesh, remorselessly insisting on current interest in full and payment of the principal in full by a definite due date; and second, to cancel these debts outright. But it is worth while to consider intermediate possibilities.

AS A BANK WOULD SEE IT

If a bank were in the position of the United States Government, of having made a bad loan, or a loan it could not collect in full at maturity, it would consider such compromise proposals as extension of time, reduction of interest rate, and waiving of interest for a period. The bank would, moreover, inquire into the details of the debtor's position. It would wish to know what assets and receivables the debtor had; it would take account of the goodness or badness of the debts due its debtors; it would inquire into the expenditures and revenues of its debtor, and would wish to know how far revenues could be in-

¹ Reprinted from *Chase Economic Bulletin*, Vol. II, No. 5.

creased and expenditures reduced. The bank would be concerned if dividends were being paid by its debtor, if unnecessarily high salaries were being paid, or if unprofitable departments were being maintained. The bank would be especially concerned if the debtor were undertaking new borrowing for purposes of expansion or plant extension. In working out compromise adjustments of the debt, the bank would expect to have these other matters adjusted also, and would expect the solution reached to insure the future solvency of the debtor. There would be no point to the bank's making any compromise of its debt unless there were such a general readjustment as to make sure that the reduced amount of the debt would ultimately be paid. If, on the other hand, by abandoning part of its claims, the bank could make sure of collecting the rest, it might well find it definitely good business policy to do so.

I believe that we can go further by viewing this problem as a banking problem than we can by viewing it either as a matter of sentiment or as a pawn in the game of domestic politics. I see no reason for questioning the righteousness of these debts. We made the loans in good faith and Europe gave us in good faith her promises to pay. We waived ordinary credit standards in making them, to be sure, because of our sympathy with our Allies and our desire to help them. We did not exact collateral or security, and we knew when we made the loans that Europe might have difficulty in repaying them. But these facts, instead of lessening Europe's obligations to us, tend rather to increase them. Debts of honor made without collateral impose a higher moral obligation on the debtor than do secured debts, resting on adequate

collateral. I recognize that there is force in many of the considerations resting on grounds of sentiment which have been offered for modifying the debt, but it seems to me unnecessary to take account of them, particularly since a strictly banking viewpoint would lead to many of the conclusions which these more sentimental arguments suggest. It is not necessary to urge moral or sentimental grounds for refraining from exacting the pound of flesh, when economic and banking considerations so clearly point the same way.

There is one great difference between the position of the American Government dealing with the governments of its associates in the war and the position of a bank dealing with an embarrassed private debtor. The banker may have recourse to the bankruptcy courts if the debtor is unwilling to deal fairly with him. Our Government has no such recourse. But the essentials of the situation are not greatly altered by that fact. The greater part of these debts is owed by great governments, proud of their financial standing, sensitive to aspersions upon their standing, eager and anxious to maintain their good repute in the international money markets. Both pride and self-interest combine to make them reluctant in the extreme to default on their obligations, and make it virtually impossible to conceive that they would definitely repudiate their obligations. If they should repudiate their obligations to the United States Government, they would know that private sources of credit in the United States would cease to be open to them, and they would know that the best sentiment of their own people would be unspeakably shamed by it.

In this connection, it is worth while to make a distinction which Secretary Hoover failed to make in the

interesting address delivered in Toledo on October 15th. Mr. Hoover is quoted in the *New York Times* as saying:

"The repudiation of these loans would undermine the whole fabric of international good faith. I do not believe any public official, either of the United States or any other country, could or should approve their cancellation."

It is important to distinguish between *repudiation* and *cancellation*. Repudiation is the defiant and ungrateful act of a debtor. Cancellation is the generous act of a creditor. It would not be possible for Europe to repudiate these debts without undermining the whole fabric of international good faith. It would, however, be possible for the United States Government to reduce, modify, or even cancel these debts without in any way undermining international good faith. Assuming good faith on the part of Europe and an earnest effort on the part of Europe to meet our terms and conditions, we may modify these debts in whatever way the situation seems to require, and may consider the matter on a strictly business basis.

There is a great difference also between the simple informal discussion which takes place between the banker and the debtor, and the elaborate ritual involved in diplomatic negotiations. A realistic dealing with all the relevant facts is not an easy matter for diplomats or politicians, and the elimination of irrelevant and sentimental considerations, designed to influence the next election or the next sitting of a parliament, is an almost impossible thing. A great economic conference would face in less degree the same difficulties, with the press reporting its day-by-day doings, with waves of excitement sweeping

through various countries as points touching their particular interest came up, and with the necessity of making a record in which no points are yielded without immediate *quid pro quo*. An international economic conference, whose delegates had power to do anything except talk, would find it difficult to bring in all the relevant facts and to exclude all the irrelevant considerations.

THE DEBT FUNDING COMMISSION AND A COMPREHENSIVE PLAN

The country is therefore to be congratulated that the handling of our relations with Europe in the matter of interallied debt has been put in the hands of a commission of five men, headed by the Secretary of the Treasury. It is equally fortunate that one of the members of this commission is the distinguished Secretary of State. The headship of the commission, and its membership, composed of men trained in public finance, banking and business, make it a financial rather than a diplomatic body, while its small size makes it possible for it to discuss delicate matters without having press reports of every sentence uttered.

A democratic country has a right to know the policy which its government adopts. It has the right to pass upon the policies after full discussion of them. The demand for publicity and the objection to "secret diplomacy" have a very solid basis in right. But that every step in delicate discussions should be made public is another matter. It is well known that adjustments of labor disputes are often extremely difficult when conducted in the presence of third parties, as arbitrators, and that discussions of labor controver-

sies at long range beget intensification of difficulties rather than adjustments. In public statements each party feels that it must take an uncompromising stand on the limit of its rights, and that any display of fairness toward the other side will be taken as a confession of weakness and used as an argument against it. On the other hand, when representatives of labor and employers can get together in informal, frank discussions, without having a transcript of their discussions made public, it is very frequently found that their differences melt away or are adjusted and satisfactory settlements are reached.

It is therefore fortunate that the problem has been put into the hands of five men skilled in business and finance, who can talk realistically with the financial rather than the diplomatic representatives of foreign governments, and who can conduct their discussions in the quiet of the council chamber rather than in the public forum.

The fact that the Debt Funding Commission is not empowered to reduce, modify, or cancel any of the debt, and that the only conclusive bargains which it could work out with Europe would be on the basis of interest at $4\frac{1}{4}$ per cent. and maturity at the end of twenty-five years, has been supposed by many to limit its powers so greatly that it can practically accomplish nothing. This view seems to be erroneous. There is nothing to prevent the commission from exploring every possibility, from entertaining every possible proposal. There is nothing to prevent its initiating any proposal that seems wise to it, in discussions with its European *confrères*. There is nothing to prevent the commission from developing, in cooperation with European commissions, a comprehensive plan, involv-

ing the interallied debt and all related matters, and submitting it with its recommendations to the Congress of the United States.

The situation again is not unlike that which arises when the officer of a banking house, dealing with an embarrassed debtor, explores with him the possibilities of the situation, works out a plan, and reports the plan to his superiors for approval. It would frequently happen that such an officer's preliminary instructions would be to accept no settlement except payment in full, but it would be well understood that such instructions would not preclude his discussing proposals made, or his advancing tentative proposals.

There have been no authorized statements as to the policy of the Debt Funding Commission in this matter, or as to the willingness of the Commission to entertain proposals other than those laid down in the Act of Congress which involve interest in full at $4\frac{1}{4}$ per cent. and maturity at the end of twenty-five years. There is, however, good reason to suppose that the Congress, in laying down its terms of interest and maturity, was merely reiterating in substance the original agreement, which was that the demand loans should be refunded into interest bearing time loans at a rate not lower than the highest rate on Liberty bonds, and with a maturity not longer than the latest maturity on Liberty bonds. It would be natural for the principal, *i. e.* the Congress, in its instructions to its agent, *i. e.* the Debt Funding Commission, to authorize it to make a settlement without further authority which involved payment in full, but the principal, *i. e.* the Congress, may very well have felt justified in expecting its agent to report for further authority in case a different sort of adjustment seemed necessary.

THE BANKER'S POINT OF VIEW AND REPARATIONS

The application of the banker's point of view clarifies a good many problems. Thus it is urged on behalf of certain of our Allies that it is unjust to expect them to reduce the amount of the German reparation payments if their debts to us are not to be reduced. This viewpoint has led to the rejoinder that if we reduce the debts of our Allies to us in consideration of a reduction of Germany's debt to them, we are in effect paying the German reparations ourselves, and that it is no part of our duty to do this. It is contended with propriety and correctness that from the standpoint of legal obligation, there is no connection whatever between German reparations and the inter-allied debts, and it is further contended that there is no connection between the debts of our Allies among themselves and the debt of any one of them to us. From the standpoint of international law and diplomatic relations, this position is absolutely correct. It is no part of our duty to pay the debt of Germany to France, or the debt of France to Great Britain, or the debt of Italy to France.

When, however, one views the matter from the standpoint of the banker dealing with embarrassed debtors, a very different situation emerges. The banker may properly expect to take cognizance of every relevant factor affecting the future financial prospects of his debtor. The Debt Funding Commission, viewing the matter as practical bankers, would, therefore, be interested in the reparation problem for precisely the same reason that they would be interested in the revenues and expenditures and internal debts of our debtors, their currency

situation, their trade policies and trade relations, their military budgets, and other relevant matters. As these other intimately related matters have been discussed at length in previous numbers of the *Chase Economic Bulletin* (Vol. II, Nos. 1 and 4), it is not necessary to go into them here in detail.

Regarding the reparation question, one point may be stressed, however. As creditors of our continental Allies, we are interested in seeing that they get as large a reparation payment as possible. If they could collect in full the original demands from Germany, it would affect very materially our attitude toward their debts to us. Since it is clear that they cannot collect in full their original demands from Germany, we are interested in bringing about a speedy readjustment which will assure them as much as possible. We would naturally desire, therefore, that they also should approach the problem of German reparations in the banker's spirit, analyzing the situation realistically, making all concessions that are necessary to get Germany on her feet again, and terminating the deadlock that now exists. If our Debt Funding Commission can aid them in solving the reparation problem, it is also aiding the United States in solving the problem of the interallied debts.

Parenthetically, it may be observed that the interallied debt is one of the least urgent of the many elements in the demoralization of continental Europe. With the exception of Great Britain, none of our Allies is making payments to us, nor are we making demands on them for immediate payment. No exchange is being drawn in connection with these debts, except the British debt. None the less, the interallied debt is a very serious, overhanging factor, which must be

cleared up before conditions can really be made straight.

VIEWS OF MR. MCKENNA AND MR. HOOVER

In recent weeks, we have had presented with great ability to American audiences two radically divergent views regarding the ability of continental Europe to pay her debt to our Government. The Right Honorable Reginald McKenna, Chairman of the London Joint City and Midland Bank, Ltd., speaking before the American Bankers Association early in October, held that any considerable payment through exports in peace times was not to be expected, and that the extent to which payments could be made depended upon the volume of available liquid securities held by the debtor countries. Great Britain, he maintained, has such securities in adequate volume, and consequently can and will surely pay. He did not believe, however, that our continental Allies can pay very much because they have used up virtually all their liquid securities.

Secretary Hoover, on the other hand, in his speech in Toledo above referred to, is quoted as having said:

"The settlement of international balances between America and Europe contain factors that are in their volume unique in international commerce. For instance, the annual expenditure of American tourists abroad, the remittances of emigrants in the United States to their relatives abroad, *the growing volume of investment made by our people in foreign countries*,¹ interest upon investments in the United States of private citizens of our debtor countries and other

¹ Italics Dr. Anderson's.

items of so-called invisible exchange—all combine to furnish a large supply of our money to Europe, with which they in turn can make payments for interest on debts,¹ or for the purchase of goods from us. In total to the world, these sums amounted to about \$1,500,000,000 in the last fiscal year, which was, indeed, a year of depression, and these are sums which with peace in the world will grow constantly over the future. These sums amounted to three times the amounts of interest on the debt and to about one-half of the value of all our export goods last year, and they are largely expended in our debtor countries.

"If we examine our situation in international balances during the last fiscal year, we will find that the world shipped us \$2,600,000,000 worth of goods. This sum added to the items of tourists, of loans and remittances and other forms of invisible exchange, gave the world a paying power to us of about \$4,100,000,000. In addition, the world shipped us over \$450,000,000 in gold and silver. During the year, we exported \$3,800,000,000 in goods. Thus during that fiscal year, the world had a paying power to us in excess of goods bought from us of about \$750,000,000. This excess was probably used to readjust previous private debts.

"The assumption that payments from debtor countries would need to be made in gold or in goods direct to the United States, or that goods will flood our markets, should, of course, be modified to the extent of the use of invisible exchange, but beyond even that it does not necessarily follow that there is any flood of competitive goods. The world's trade is, to a large extent, a sort of pool, as the result of triangular opera-

¹ Italics Dr. Anderson's.

tions—that is, if our investors loan money to the Argentine, then the Argentine may expend this money in the purchase of goods from the continent of Europe. The continent of Europe thus possessed of this money, may use it in payment on account of debts due us or in the purchase of our goods. Another case of triangular world commerce of profound and growing importance is the relation of our imports of goods from the tropics.”¹

INTERNATIONAL PAYMENTS THROUGH EXPORTS OF GOODS

My own view would be an intermediate one, leaning strongly to Mr. McKenna's position as regards the immediate present, but recognizing with Mr. Hoover that over the long run future substantial payments might be expected. Mr. McKenna seems greatly to underestimate the ability of the creditor countries to receive payments in goods. He fails to recognize adequately that import surpluses are characteristic of creditor countries, and that goods imported in payment of foreign debts really pay for themselves and consequently do not lessen the ability of the receiving country to purchase products of its own industries.² If goods to the amount of \$350,000,000 are sent from Europe to the United States and sold in our markets, and the proceeds in dollars are turned over to the United States Treasury in payment of foreign debt, the result would be that our Government could lighten the burden of taxation in the United States by \$350,000,000, giving the American taxpayer a cor-

¹ *New York Times*, October 17, 1922. See above, pp. 63-71

² See *Chase Economic Bulletin*, Vol. 1, No. 4, "Procedure in Paying the German Indemnity."

respondingly increased ability to purchase the products of domestic industries. We need not be afraid of payment of the debt in the form of goods, provided only there are no sudden and violent changes in connection with the matter.

A creditor country, like a private capitalist, can afford to consume more than it produces by its own labor and for precisely the same reason.

If the country which has the payment to make will tax its people in such a way as to create a fiscal surplus, this automatically reduces the ability of the people in that country to consume as much as they produce. A surplus of goods available for export is thus created. The producers of these goods find their prices falling, since the buying power of the people of the country is reduced by taxation. On the other hand, the country which is receiving the payment, lightening the burden of taxation for its own people, leaves its people with increased spending power. Prices in the country receiving the payment thus tend to rise. The goods are then automatically drawn from the low-priced paying country into the high-priced receiving country. As the process goes on, prices rise in the paying country and fall in the receiving country until they come into equilibrium again. The equilibrium point is reached when the fiscal surplus in the exporting country has been matched by the export surplus, and when the people in the receiving country have spent all the proceeds of the payment.

In other words, the ability of the government of one country to make payments to the government of another country depends primarily: (a) on the ability of the people of the paying country to produce more

than they need to consume; (b) the ability of the government of the paying country to tax its people adequately; and (c) the willingness of the government of the receiving country not to tax its people unnecessarily. The difficulties obviously come in the first two conditions. The third condition may really be omitted. Even if the government of the receiving country did not lighten taxes, the aggregate income of the receiving country would be increased by the full amount of the payment made by the foreign government and the volume of expenditures in the receiving country would be equally increased. A government can spend money quite as lavishly as an individual citizen can.

On the other hand, I cannot share with Mr. Hoover the belief that it would be sufficient for us to absorb tropical, non-competitive products sent in from countries to which Europe might be sending its manufactures. If we are going to receive payment from Europe in goods, we shall have to admit European products in competition with our own and shall have to adapt our tariff policy toward that end. Triangular commerce can accomplish a good deal, but it cannot settle the debts of Europe to the United States if direct trade relations between Europe and United States do not very substantially assist.

Mr. Hoover's illustration of the triangular process by which loans made to the Argentine by the United States lead to excess imports from Europe to the Argentine, though hypothetically possible, does not seem to have any substantial foundation in fact. In the calendar year of 1921, the Argentine exported 68 million pounds' worth of goods to Great Britain, while it imported only 27,600,000 pounds' worth of

goods from Great Britain. In the same year, France imported 833 million francs' worth of goods from the Argentine and exported to the Argentine only 249 million francs' worth of goods. The simple fact is that Europe is current debtor on export and import account not only to the United States but also in her dealings with the rest of the world, and that she is not building up anywhere, in any part of the world, surpluses through export balances comparable with her immense deficits in other places.

MR. HOOVER AND THE INTERNATIONAL BALANCE SHEET

One ventures to express dissent from Mr. Hoover's views with diffidence. His knowledge of European conditions is vast, and his practical wisdom is great. Few men indeed have contributed as much as he to a clear understanding of these problems.

As regards the immediate situation, however, it seems clear that Mr. Hoover's figures present a very unduly optimistic picture. The inference from the passage quoted above is that Europe had during the last fiscal year some \$750,000,000 surplus on current account with which to settle back debts in the United States. This amount, Mr. Hoover indicates, is one likely to grow greater in the future. If any such current surplus were available, it is of course clear that Europe's ability to settle her debt to our Government is much greater than has been generally supposed. The details of Mr. Hoover's computation are not made available, but from the lengthy passage quoted above it seems pretty clear that he has made the error of assuming that the current balance of the world as a whole with the United States is the same as the

balance of Europe with the United States. Among the invisible items which "all combine to furnish a large supply of our money to Europe with which they in turn can make payments for interest on debts," Mr. Hoover includes "the growing volume of investments made by our people in foreign countries."

The published records¹ of foreign loans made by American investors during the fiscal year ending June 30, 1922—the period of Mr. Hoover's computations—indicate that nearly a billion dollars was loaned abroad. Allowing for refunding loans, the amount is still in excess of 850 million dollars. Of this, however, only about 244 millions was loaned to Europe. The rest, an amount in excess of 600 million dollars, was scattered all over the world. Canada received much of it. South America received a large part. The Far East received a good deal. When this correction is made, Europe's supposed 750 million dollar surplus is immediately reduced to under 150 millions. It is true that in certain cases, parts of loans made to non-European countries were used by them in paying debts to Europe, which would give Europe command of the dollars received from American loans. A case in point would be the Dutch East Indies' loan, perhaps half of which may have been used in clearing up floating debts due from the colony to the mother country, although a very large part appears to have been used in clearing up debts due to creditors in the colony itself. On the other hand, however, part of the loans made to Europe were used in paying debts to non-European countries, and non-European countries were negotiating loans in Europe during the past year. Funds flow back and forth and these factors may well offset

¹ *Federal Reserve Bulletin*, September, 1922, pp. 1050-52.

one another. It is unwarrantable to assume without definite and conclusive evidence that loans made to Canada by the United States increase the ability of Europe to make current payments in the United States.

Moreover, when examination is made of direct trade relations between Europe and the United States, the showing is less favorable to Europe. The commodity exports and imports between Europe and the United States, in the fiscal year ending June 30, 1922, were as follows:

U. S. Exports to Europe	\$2,067,027,605
U. S. Imports from Europe	830,473,712
Excess Exports	1,236,553,893

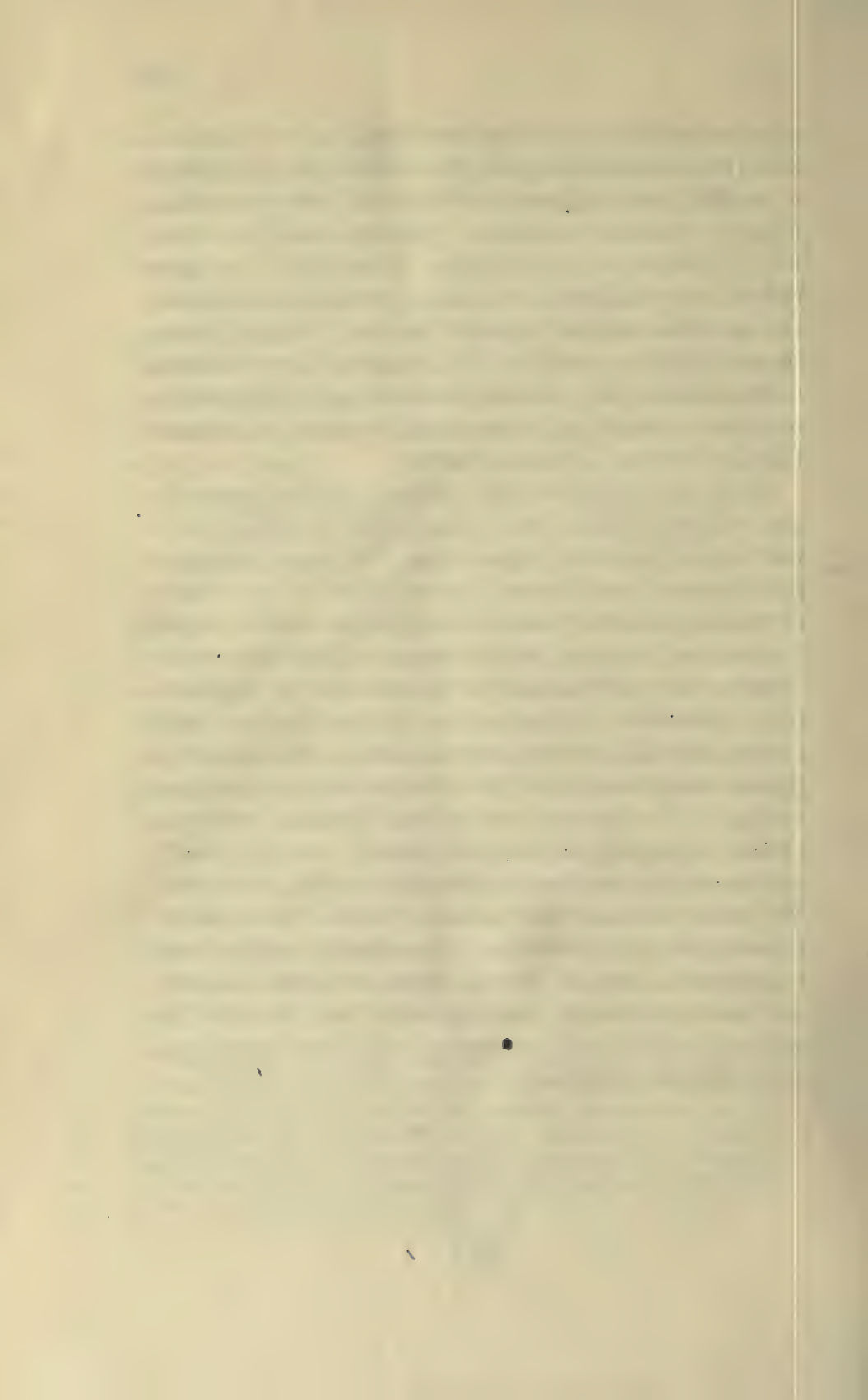
Europe's adverse balance with us is thus greater by \$73,381,304 than is the adverse balance of the world as a whole with us. The same thing appears when the figures for gold and silver are examined. Instead of the 450 millions balance mentioned in Mr. Hoover's figures above, Europe has a balance of only 360 millions with the United States.

Viewing the relations between Europe and the United States alone during the fiscal year just passed, it appears that Europe had a deficit,¹ rather than a surplus of 750 millions, on current items. In any case, it is to be noted that even on Mr. Hoover's showing, such surpluses as the world as a whole may have,

¹ It should be emphasized that the argument here is primarily a modification of Mr. Hoover's figures rather than an individual computation of my own. I have not made independent checking, for the fiscal year ending 1922, of such items as immigrants' remittances, tourists' expenditures, interest payments, earnings from shipping, and the like. Earlier estimates dealing with these items will be found in the *Chase Economic Bulletin*, Vol. I, No. 1.

grow primarily out of the borrowings in our markets and the shipment of gold. But from the standpoint of settling international indebtedness, new borrowing does not constitute payment. New borrowing involves merely the shifting of creditors. It will be a long time before one would feel justified in recommending that the general capital market in the United States should supply funds to the European governments with which to pay off their debts to our Government, or before private creditors should be asked to assume the Government's present burden.

In so far, moreover, as Europe's paying power in our markets comes from shipments of gold, it is a bad sign rather than a good sign. We have too much gold already, and Europe has too little. It is evidence of weakness rather than of strength that she is obliged to continue draining her inadequate gold reserves in order to meet obligations in this country. It is, moreover, conclusive evidence that Europe has no such surplus paying power in our markets as Mr. Hoover's figures would indicate. No, Europe is in no position to pay at the present time. Great Britain, by heroic efforts, is paying part of her interest, but the continent is really unable to undertake anything at present. We must not exact the pound of flesh. We must be considerate and forbearing. In order to collect any considerable amount of these debts, we must patiently and sympathetically explore with our debtors the whole situation, and cooperate with them in solving their difficult problems.



LIST OF PUBLICATIONS

Nos. 1-165 (April, 1907, to August, 1921). Including papers by Baron d'Estournelles de Constant, George Trumbull Ladd, Elihu Root, Barrett Wendell, Charles E. Jefferson, Seth Low, John Bassett Moore, William James, Andrew Carnegie, Pope Pius X, Heinrich Lammasch, Norman Angell, Charles W. Eliot, Sir Oliver Lodge, Lord Haldane, Alfred H. Fried, James Bryce, and others; also a series of official documents dealing with the European War, the League of Nations, the Peace Conference, and with several of the political problems resulting from the War. A list of titles and authors will be sent on application.

166. Constitution of the Permanent Mandates Commission; Terms of the "C" Mandates; Franco-British Convention of December 23, 1920; Correspondence between Great Britain and the United States respecting Economic Rights in the Mandated Territories; The San Remo Oil Agreement. September, 1921.
167. Present Problems of the Commonwealth of British Nations: Conference of Prime Ministers and Representatives of the United Kingdom, the Dominions and India, held in June, July and August. October, 1921.
168. Relations between Great Britain and Ireland: Proposals of British Government and Correspondence between Mr. Lloyd George and Mr. de Valera. November, 1921.
169. Washington Conference on the Limitation of Armaments. December, 1921.
170. Treaties of Peace between the United States on the one hand and Germany, Austria and Hungary on the other. January, 1922.
171. Peace through Conferences: Address delivered by Mr. Lloyd George at Central Hall, Westminster, London, on January 21, 1922, and text of the resolution of the Supreme Council calling the Genoa Conference. February, 1922.
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173. Correspondence between Mr. Lloyd George and Sir James Craig on the Position of Ulster; Articles of Agreement establishing the Irish Free State; Irish Free State (Agreement) Bill. April, 1922.
174. The International Chamber of Commerce, by Frederick P. Keppel, Administrative Commissioner for the United States. May, 1922.
175. The Student and the Citizen, Phi Beta Kappa address at Columbia University, March 16, 1922, by James T. Shotwell. June, 1922.
176. The Portorose Conference, by James T. Shotwell; An Account of the Portorose Conference, by the American Observer, Colonel C. B. Smith; Protocols and Agreements concluded at the Portorose Conference, November, 1921; Agreement concerning Passports and Visas concluded at Graz, January 27, 1922. July, 1922.
177. Impressions of Berlin in 1922, by Professor Henri Lichtenberger. August, 1922.
178. Addresses delivered March 1 and 5, 1922, in connection with the Fifth Annual Meeting of the Cuban Society of International Law, Havana, by Cosme de la Torriente. September, 1922.
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America and England: Addresses by the Rt. Hon. Earl Balfour and Chief Justice Taft at a dinner in London, June 19, 1922, given by the Pilgrims. July, 1922.

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